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**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

**(GRADUATE PROGRAM)**

**A THESIS SUBMITTED TO ADDISABABA UNIVERSITY SCHOOL OF  
COMMERCE GRADUATE STUDIES FOR THE PARTIAL FULLFILMENT OF THE  
REQUIRNMENT OF MASTERS DEGREE IN MARKETING MANAGEMENT**

**THE EFFECT OF ONLINE MARKETING ON PURCHASE INTENTION: THE  
CASE OF S.T GEORGE BEER**

**BY**

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**JUNE, 2021**

## Letter of Certification

This is to certify that Messay Basha carried out his project on the topic entitled “The effect of online Marketing on consumers' purchase intention: the case of St George Breweries Ethiopia”. This work is original in nature and is appropriate for submission for the award of Masters of Marketing Management.



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## BORD OF EXAMINERS APPROVAL SHEET

THE EFFECT OF ONLINE MARKETING ON CONSUMERS PURCHASE INTENTION:  
THE CASE OF ST GEORGE BREWERIES S.C ETHIOPIA

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## **Declaration**

I, Messay Basha, hereby declare that the thesis worked in titled " The effect of online Marketing on Purchase intention: Case of St George Breweries S.C. Ethiopia". Submit for the award of Masters of Art Degree in Marketing Management from Addis Ababa University School of Commerce. This research is my original work and it has not been presented for the award of any other Degree, any other University or Institution.

Place: Addis Ababa University, Ethiopia

Date: October, 2021

Messay Basha

Signature: \_\_\_\_\_

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## **Acronyms**

E-WOM =Electronic word of mouth

OC=Online communities

OP=Online promotion

PI=Purchase intention

B-2-B=Business-to-business model

B-2-C=Business-to-customer model

OCR=Online customer review

## ***Abstract***

*The overall objective of this study was to examine the effects of online marketing on consumers' purchase intention in S.t George Breweries. The study was conducted selected sub cities in Addis Ababa. Quantitative method had applied and both descriptive and explanatory research design used for this paper. 423 questionnaires had been disseminated with a response rate of 94 percent. Data gathered through self-administered questionnaire and analyzed using SPSS version 26. Descriptive statistics is used in describing the profiles of the respondents and the factors that affects their purchase intentions of St George Breweries. Inferential statistics also applied to highpoint the most vital factors determining the relationship among variables and to ascertain the correlations between them. The result designated that a distinguished positive relationship between electronic word of mouth and consumer purchase intention, which is related with more enthusiasm to continue buying St George Breweries products in the future. It was discovered that electronic word of mouth, online communities, and online promotion had a positive and statistically significant effect on consumer purchase intention in St George Breweries at p-value less than 5 percent. Electronic word of mouth and online promotion has positive and strong influence on purchase intention while online community has relatively weak effect on customers purchase intention. Hence, it is commanding that for St George Breweries to adopt marketing programs by recognizing that electronic word of mouth can play an significant role in the empowering the usage and recurrence use of St George Breweries products.*

*Key phrases: - electronic word of mouth, online community, online promotion and purchase intention*

## CHAPTER ONE

### Introduction

In this chapter, the history of online marketing is presented. The aim and objectives of the study is proposed. In addition, researcher's view for selecting the subject is also illustrated.

### 1.1 Background of the study

One of the recently emerging and growing marketing communication channels is online marketing. Bearing in mind, the current volume of internet marketing commercial, it's hard to believe how young the internet marketplace is. However, the growth rate of internet marketing has been very slow; the aggregate outcome taking up to where we are now has affected the entire universe more rapidly than any marketing revolution in history. In 1994, usage for internet marketing adds up nearly nothing, but enlarged to over \$300 million in 1995. For instance, more than three decade later, internet marketing usage and internet marketing commercial has detonated to nearly \$200 billion (conferring to Forrester Research). These days, it's hard to believe that having an institute which doesn't have some kind of online existence.

At the time when the internet was first discovered in the early 90s, it wasn't well-thought-out to be a promotional medium at all. Instead, the internet was thought to be used as a device for exchanging emails and digital info, but wasn't so far well-thought-out to be used as a promotional medium for reaching consumers. Yet, it wasn't long before marketing professionals began to grasp the potential for internet marketing commercial as millions of web pages taking down on each day to find potential customers and provide relevant info.

According to Areeba Toor, Mudssir Husnain and TalhaHussain (2017:175) cited from Dodds, Monroe, and Grewal, 1991; Wells, Valacich, and Hess (2011): In reviewing the field of marketing, promotion and selling, it cannot be undecided that a purchase intention have a tendency to occur at the point of the process of making decision where the buyer has established a definite enthusiasm to go on towards a product or brand. Furthermore they depicted that this purchase intention is a commanding pointer for appraising end user actions. In the meantime, it can allow the prospect of an end user to acquire a product. Accordingly,

online Marketing based strategy can be defined as a plan by a company to differentiate the company itself positively from its competitors by adopting different online marketing channels, using its relative strength to better satisfy customer needs in a given environment (Silva, 2006).

Online Marketing entails the set of actions designed to achieve competitive advantage and achieve better than average results by intelligent and fact-based selection among alternative leading to such advantage (Ballow, 2009).

Effective online Marketing strategies are very vital to frontline market performance. Applying a suitable online Marketing strategy is the fundamental goal of increasing sales and achieving a sustainable competitive advantage (Silva, 2006). Online Marketing based strategy for firms includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of adequate online market-oriented strategies and therefore contributing to the goals of the company and its marketing objectives. Market penetration by using suitable online marketing based strategy is also called the concentrated growth strategy because a firm thoroughly develops and exploits their knowledge and expertise in a specific market with known products (Ballowe, 2009). One of the goals is to increase present customers' rate of use. This can be achieved through increasing the size of the purchase, maximizing the rate of product obsolescence, finding new users for the product, advertising other uses and offering incentives for increased use through different online marketing channels.

St. George Beer is the most popular, well known and oldest beer in Ethiopia. Founded in 1922, it is brewed by BGI Ethiopia in Addis Ababa. Most frequently S.t George breweries Ethiopia uses two social media platforms in regular basis these are Face book and YouTube. The company has Face book pages and YouTube channels for each of its brands. In addition to Face book and YouTube, the company uses Telegram channel for specific campaigns to target the millennial consumers. For example recently S.t George had a campaign called "Enibla take over". In this campaign, the company uses Telegram as a major online marketing platform. The brewery positions right on the same spot it was 84 years ago.

Slowly, but steadily, St. George Brewery continued to grow and was nationalized.  
(<http://www.addismap.com/bgi-ethiopia>)

## **1.2 Statement of the problem**

In ancient marketing, there is a huge gap between the buyer and seller. There are a lot of ways to reach to buyers which are expensive and uneconomic. Online marketing can be used as a bridge between the buyer and seller. Using online marketing one can reach and touch millions of buyers with a single click (Bernie Borges, 2009).

Dramatically the globe has changed because of the commencement of the Internet. Starting from where a journey's begin and where it ends, internet providers could produce a web page and users practice it in the same fashion as an online catalogue to one where internet providers produced it at their own ease (Bamini KPD Balakrishnan et al., 2014, p 178).

Online marketing is growing at an alarming rate. Currently, Global social media users almost reached 2.9 billion almost as equal as 38% penetration, and Face book monthly active users are getting 2 billion. In addition, users of other social media networking sites and applications are at the highest of their all-time high user figures. Online adults aged 18-25 typically follow a brand through social networking (95%). 75% of clients who had a good and decent social media service practice with a brand are likely to recommend it to others. The penetration rate of online social media users is around 3.56 billion worldwide, which accounts for totaling 34%. Internationally, with one million new active social media users joined each day. (<https://www.dreamgrow.com/21-social-media-marketing-statistics/>). Based on the report July 1, 2016, in the previous seven years, the SM user's statistics in Ethiopia is portrayed as follows: - 0.8% in 2010, 1.1% in 2011. 1.5% in 2012, 1.9% in 2013, 2.9% in 2014, 3.8% in 2015 and 4.2% by July 1, 2016. (<http://www.internetlivestats.com/internet-users/ethiopia/>). The most frequently visited social media sites in Ethiopia from October, 2019 to October, 2020 and their corresponding percentage of users are as follows: Face book, Pinterest, twitter, you tube, Linked In and Google are 79.2 %, 8.78%, 4.88%, 3.44 %, 0.9 %, and +0.81 % respectively. This illustrates that Face book users are leading locally as well as internationally. Online marketing have a rising role in marketing, which has a vital indicator for how customers, channels, and enterprises perform. In online marketing settings, customers convey online feedback about products, and this feedback is observable to other agents, comprising

other clients, channel partners, opponents, and stakeholders. The innumerable characteristics of online environments have an influence and outcome on interest to marketers and implication for managerial reputations. (Rajiv Srinivasan, 2012). Based on World Bank report, Ethiopia had nearby 11.6 million internet users as at 2015. This population was reached via social media. Therefore, online marketing through different social media sites is a great device to reach such a quantity of vital and potential customers, trades or clients. Just like any other commercial business dimensions, studying online marketing is very vital. A business professional should be able to comprehend online marketing and how it works. It is necessary to be well-informed about what strategies one should apply while using online marketing, its benefits and drawbacks, its dos and don'ts, which social media to use for what purpose, which target viewers or audiences are attracted to what type of post and so on.

There are about 1.46 million people employed in digital enterprises in the UK, with 45,000 more professions in digital presently being advertised. Digital marketing needs a vast extent of skills, with some marketers engaged in vital areas such as SEO (Search Engine Optimization), content marketing or paid Search. Many however are generalists, who have an extensive set of skills. This can be vastly suitable, but it is also difficult to retain all these skills up to date. Approximately 5 million people internationally toil in digital marketing, and as the business quickly raises a skills gap is evolving. (Dave Chaffey, 2015). According to the research conducted by Ethio-jobs which is one of the most popular job posting website in Ethiopia post on December 3, 2018, there is only one digital marketing job post. As compared to the trend described about the UK, it is in its very infant stage. So, it can serve as an easy indication for the missing knowledge and practice concerning online marketing. Studying the effect of online marketing in Ethiopia and generating concrete information, has a good potential to increase awareness of using online marketing by firms and enhance its recognition as a significant marketing field of skill for students and professionals. In addition it will provide a knowledge concerning how, why and what online marketing strategies shall be applied to be a good opponent in the Ethiopian market.

### **1.3 Research questions**

The aim of this study is to find answer for the following questions:

- What is the effect of E-WOM on customer's purchase intention?

- What is the effect of the presence of online community on customer's purchase intention?
- How does online promotion influence customer's purchase intention?

## **1.4 Research Objectives**

### **1.4.1 General Objective**

The main objective of this study is examining the effect of online marketing on purchase intention at S.t George Breweries Ethiopia.

### **1.4.2 Specific Objectives**

- To assess the extent to which S.t George Breweries Ethiopia use Electronic Word of Mouth (E-WOM) to influence purchase intention.
- To assess the effects of the presence of online community on purchase intention at S.t George breweries Ethiopia.
- To evaluate the potential of using online promotion as a marketing device to influence purchase intention in S.t George Breweries Ethiopia.

## **1.5 Significance of the study**

The study has much significance

- It can help business decision makers to employ effective online marketing techniques for their products or services.
- It may lead business marketers to convey the accurate message to the accurate viewers at the right time via suitable marketing communication channels.
- It might initiate firms to use online marketing platform to protect a virtual gain in the market.
- It may encourage upcoming research in the area by appealing attention of researchers to perform more studies in the area.

## **1.6 Scope of the study**

### **1.6.1 Geographical scope**

This study is restricted to beer consumers in Addis Ababa who uses internet. This is because telecommunication infrastructure is more accessible in Addis Ababa and also most internet users of the country are found in Addis Ababa. Furthermore, this limit can make conducting the research reasonable concerning finance and time.

### **1.6.2 Conceptual scope**

The conceptual scope is restricted to E-WOM, Online community, online promotion as Independent variables and Consumers Purchase Intention as dependent variable. The study is further constricted to a specific firm, which is S.t George Breweries Ethiopia.

### **1.6.3 Methodological scope**

The study is narrowed or limited to quantitative data analysis developed from consumers of S.t George Breweries Ethiopia.

## **1.7 Limitation of the study**

Regarding the tool of the research, collecting responses only by printed questionnaires might not be as suitable. The study was intended to use both questionnaire and interview. But after inspecting the interview questions, St George officials dropped the interview because of the confidential nature of the responses provided by the respondents. This will have a negative influence on the quality of the research. It was also difficult to get people to take part in filling the questionnaire as planned. It was intended to gather the data in three weeks' time .But practically it took more than four weeks.

## **1.8 Structure/organization of the study**

The study is organized into five chapters. Chapter one describes "Introduction" that describes the problem and procedure of the study in general and provides direction. Chapter two illustrates "Literature review". Here, the notions and associated theories are elaborated exhaustively and used in the study for the analysis of the data .Chapter three presents the "Methodology" methods and techniques engaged for the study. Chapter four contains

"Presentation and analysis of data" and its emphasis is detailed and logical presentation and analysis of the data. Chapter five explains "Summary, Conclusion and recommendation.

### **1.9 Definition of key terms**

**E-WOM** It is any positive or negative statement made by potential, actual, or former customers about the product or company which is made available to multitude of people and institutions via the Internet. (<http://blogs.brighton.ac.uk>)

**Online community** an online community is also called an Internet community whose members interact with each other primarily via the Internet (<http://blogs.brighton.ac.uk>)

**Online promotion** it is also called Online Marketing or Internet Advertising or Wave Advertising is a form of marketing and advertising which uses the Internet to deliver promotional marketing message to consumers. (<http://blogs.brighton.ac.uk>)

**Online marketing** it refers to the process of gaining website traffic or attention through social media sites. Social Media Marketing usually center on efforts to create content that attracts attention and encourages readers to share it with social networks.(<http://www.investopedia.com>).

**Validity** is the degree to which a research a research accurately reflects the specific feature that the investigation is aiming at (Drebisa, 2017).

**Variable** is any observable factor that varies among individuals or groups and subject to measurement or testing (Drebisa, 2017)

## **CHAPTER TWO**

### **2. Review of Related Literature**

The purpose of this topic is to critically review literature related to the topic “the effect of online marketing on purchase intention”. Hence, this chapter consists of theoretical review, empirical review and conceptual review of the previous works of scholars.

#### **2.1 Theoretical review**

An intense literature review basically defines the scope of the research project and identifies the variables which are involved in the study.

##### **2.1.1 Marketing through the internet**

The Internet is a universal network of computers that permits individuals to access information and communication from far or distant sources. It is a new technology that has the maximum acceptance rate compared to other information technology tools (Strauss & Raymond 1999; Pallab 1996). The Internet creates infinite market opportunities by offering a significant and crucial advantage of two-way communication, which is different from traditional mass marketing communication (Warrington, Abgrab & Caldwell 2000; Waldo 2000). Furthermore, new business processes, streamlines can also be derived. The Internet provides a chance for enhancing the efficiency and effectiveness of marketing activities supports in constructing relationships, conducting research, and offers a channel for promotional support to customers. Even though the amazing growth rate and higher popularity of the Internet, a lot of companies have failed to get the opportunities it is provided by the internet. It is valuable and very vital to know and apprehend the growth of the Internet, motives for using it, and the vibrant changes of the Internet during the previous span, before looking at its effects.

##### **2.1.2 Internet background**

The Internet origin can be drawn back to the United States' Department of Defense in the late 1960's; the objective was to create a spread communication network that could share computer resources (Pallab 1996; Ellsworth & Ellsworth 1994). The Internet outburst came with the introduction of the World Wide Web graphical browser that converted the ordinary

text Internet to an easy graphical environment, offering multimedia of text, pictures, and sound. The progress was motivated further by the lower price of computers, very influential and cheaper telecommunication equipment, suitable usage, and continuous upgrading of the available content (Fraase 1994). The Internet touched a critical mass of 100 million users in a period of less than five years. As a comparison, radio took 40 years, television 16 years, and cable television 13 years to get additional or fewer the same number of viewers (Waldo 2000).

### **2.1.3 Elements of internet marketing**

Marketing through the internet is an interpersonal and collaborating communication channel with a pull strategy response driven model based, contrasting traditional mass communication, which uses a push strategy (Peterson, Balasubramanian & Bronnenberg 1997). The fundamental consumers ability is to control content and capture or remove information of any undesirable options, or request format of the presentation at the request level through their private computer competence (BezjianAvery & Calder 1998). The Internet also has a special ability to recall and retain complete records of all interactive customers like previous purchases, credit profiles, product and service preferences, and information searched for by single consumer. In spite of the wide range of applications of the Internet, a lot of companies still depends their business model on traditional marketing than online without questioning the consumers what they want from using this medium (Wolf 1998; Nadilo 1998). This attitude may not work fine with the Internet.

### **2.1.4 Theory of Reasoned Action (TRA)**

Generally customers form attitudes that influence their purchase intention to buy products online when they are using the Internet. Therefore, using the Internet and their attitudes towards products and services online are strong interpreters of the intention to purchase products or services online (Salisbury et al. 2001; Eagly & Chaiken 1993). Their influence on behaviors and attitudes were first mentioned and developed in the Theory of Reasoned Action by Fishbein and Ajzen (1975). The theory recommends that behavioral intention leads to behavior and also that it defines consumer's attitudes toward purchasing or using a brand by influencing the normative worth or subjective standard (Fishbein & Ajzen 1975). According to this theory, socially related human behaviors are under the control of the individual and the

utmost direct powerful interpreter of a behavior is the aim to involve in that behavior. The assumption of this theory is based on that people make rational judgments based on the evidence offered to them and their interactive intention to achieve or not to achieve a behavior is the instant basis of their actual behavior. According to this assumption it has restrictions in terms of generality of results because it is difficult to specify the precise projected behavior, aim objective, and time frame in each state. Based on different researchers, it is not obligatory to have a relationship between any given outside variable and real behavior since outside variables often vary over time (Ajzen & Fishbein 1980).

### **2.1.5 Theories of planned behavior (TPB)**

According to Ajzen (1985) prolonged the Theory of Reasoned Action (TRA) to explanation for other circumstances, where persons do not have whole control over their actions .Analogous results are also evident in the research of Liska (1984) and Shappard, Hartwick & Warshaw (1988), who said that TRA does not sufficiently treaty with behaviors that need resources, assistance, or skills (Chiou 2000). So as to diminish these restrictions, Ajzen combined an extra variable of observed behavioral control into the model of reasoned action and called this new model, the Theory of Planned Behavior (TPB).The Theory of Planned Behavior proposes that purposes and facilitating conditions are the straight precursors of behavior and at the same time, behavior is also pretentious by habitual stimulation. This prolonged model has a strong capability to forecast behavior, though it lacks empirically from multi-collinearity among independent variables engaged in the model. The Theory of Planned Behavior has been applied in many researches, such as weight loss engagements, sexual behavior, waste-recycling behavior, student's class presence, spreadsheet software, and information technology (Richard & Joop de Vries 2000; Harrison, Peter & Riemenschneider 1997; Taylor & Todd 1995; Mathieson 1991; Ajzen & Madden 1986; Shifter & Ajzen 1985). Yet, the Theory of Planned Behavior deficiencies adequate scale development for studying online marketing comportment.

### **2.1.6 Technologies acceptance model (TAM)**

Furthermore Davis (1989) stretched the TRA model by concentrating on two prime factors touching behavioral intention to apply technology and called it the Technology Acceptance Model. The Technology Acceptance Model suggests that perceived effectiveness and perceived affluence of use influence users' intentions to apply information technology (Davis

1989). In addition the model imagines that real system practice is determined by consumer's intention to practice, which in fact, is prejudiced by consumer's approaches to apply the system. Their attitude is influenced by person's views associated to perceive effectiveness and perceived comfort of use the system. Therefore The Technology Acceptance Model does not need thorough requirement of the time frame or situations under which a behavior inevitably to take place. Some writers have also decided that concepts used in the Technology Acceptance Model afford significant assistances from a minimized set of measures over other models (Chau 1996; Szajna 1994). In addition The Technology Acceptance Model was established in some empirical studies to forecast intentions honestly well and it was one of the highest dominant research models in research of the factors of evidence system acceptance (Straub & Limayem 1995; Mathieson 1991; Davis 1989). The strength of the Technology Acceptance Model has been confirmed in abundant studies, test center experiments, organizational reviews, and ground studies of microcomputers, software, spreadsheets, e-mail, and the World Wide Web (Fenech 1998; Szajna 1996; Venkatesh & Brown 1996; Taylor & Todd 1995; Igbaria, Iivari & Maragahh 1995). More in recent times, the model was prolonged to embrace premises such as gender (Gefen & Straub 1997), near and long-term observed usefulness (Chau 1996), self-efficacy (Igbaria & Iivari 1995), and situational participation (Jackson, Chow & Leitch 1997). To add up, Technology Acceptance Model has been confirmed and supported in diverse countries such as the United States, Canada, Taiwan, China and Singapore (Phillips & Calantone, 1994). TAM has been individually built for presentations that deal with acceptance of information technology and it is also calmer to apply with fewer problems (Mathieson 1991; Davis, Bagozzi & Warshaw 1989). So the measurements scales implemented in the Technology Acceptance Model of perceived ease of use and perceived usefulness have also frequently been confirmed to have both great reliability and validity (Adam, Nelson & Todd 1992). Furthermore, the Technology Acceptance Model (TAM) was happened to be the maximum popular theory used by lot researchers for examining the behavioral intention to apply technological goods from the literature review. Abased on records kept up to January 2000, by the Scientific Information Social Science Institute, there were above 424 journal citations over the past 10 years mentioning to the Technology Acceptance Model (TAM) from Davis or Davis et al. (Venkatesh & Davis 2000).

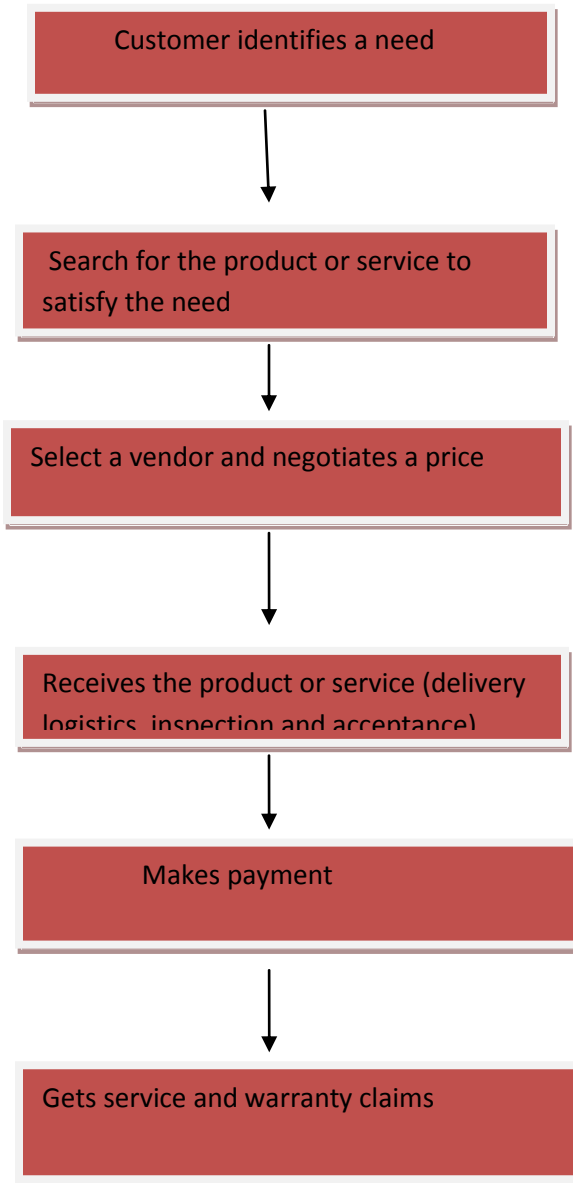
### **2.1.7 Theories of promotion/advertisement**

Advertising/promotion has often been related with worthwhile capacity to notify, remind, segregate and satisfactorily persuade consumers to purchase a product and involve in recurrent purchases. In addition It plays an powerful role in positively changing the attitudes, knowledge, views, belief or actions of aim audience (Jones 1991; Fill 2005). Based to Jones (1991), advocates of this viewpoint hold that promotion has some in-built convincing powers that can motivate buying activities of a product that has not been experienced before. Moreover, recurrence and carry on buying over the long tow can be safeguarded through the intense power of promotion. On the basis theory, promotion is attributed with the persuasive strength of constructing brand loyalty prominent to a fixed flow of sales revenue (Belch 2001). These positive moves are attained on the peak wave of scheming and psychological methods, which are positioned in consumer minds for extreme gain. Promotion also moves on the ladder of effects model, where successive stages of purchaser's choice creating routes are enthused by timely and appropriate promotional messages. As Pickton, D. and Broderick A. (2005) promotion can be briefed as a extremely persuasive promotional tool which works by: Persuading consumers to buy, generating and energizing brands, separating between products and producing and enhancing sales revenue. According to the outline projected by Ehrenberg (1988; 1979) is the Awareness-Trial-Reinforcement (ATR) outline. Awareness is needed prior to any acquisition is anticipated, though the intervened time between awareness and action may differ in length with some being too short or too long. In linking with the ancient adopters who have acquired the catalyst to crack a product, a sample buying creates the next phase. This may be encouraged by retail accessibility as much as by promotion, word-of-mouth reference or personal selling motivations. Reinforcement proceeds to keep awareness and elicit encouragement to boost the consumer to try again and again the outline of thinking and the buying behavior and to strengthen the brand in the collection for infrequent purchase activity. So Promotion's role is to strain brand acquaintance and identification (Ehrenberg, 1997). Based on the original ATR model, (Ehrenberg, 1974), numerous augmentation have been suggested. Yet, Ehrenberg (1974) further added phase in 1997, mentioned as the nudge. He claims that numerous customers can be nudged into buying the brand more recurrently (still as part of their split-loyalty repertoires) or to courtesy it more than the other brands in

their thought circles'. Promotion desire could not be any different from formerly; it just offers more strengthening that arouses precise habitual buyers into more recurrent assortments of the brand from their range. According to some researches, promotion has an ability of cultivating people's knowledge. However, consumers are considered as selective in defining which ads they perceive and solitary observe those which promote products that they either use or have some former knowledge of. This means they have already some consciousness and intuitions of the features of the promoted product. So that the amount of evidence actually transferred is limited. Promotion, Ehrenberg (1997) carry on, is not adequately powerful to transform and influence people who hold rationally solid beliefs that ride counter to those showed in an ad. The offered time (thirty seconds in television promotion) is not plenty to bring about renovation and, when pooled with people's capacity to switch off their intellectual participation, there may be no actual communication. Promotion is often engaged as a resistance, to keep customer and to enhance product or brand habit. Promotion is applied to strengthen standing attitude not inevitably to extremely alter them. To sum up it is assumed that people are not dispirited, but proficient of great altitudes of cognitive dispensation.

### **2.1.7 Business to Consumers (B2C)**

Business organizations sell products or service directly to consumers by using different sites. For example Powerful web search tools is offered by portals, as well as integrated package of content and service such as news, e-mail, instant messaging, calendars, shopping, music downloads, video, business information, all in single place. Portals do not vend anything straight and in that logic they can present themselves as impartial. Portals generate revenue principally by charging promoters for ad location, gathering referral fees for navigating customers to other sites, and charging for superior services. In addition Community Provider, Are sites that create a digital online atmosphere where people with a like interests can transact (buy and sell goods, communicate with like-minded people, receive interest associated information and even play out imaginations by adopting online characters. It depend on a hybrid revenue model that includes subscription fees, sales revenues, transaction fees, associate fees, and promotion fees from other firms who are concerned by a closely attentive viewers.([www.financestrategist.com](http://www.financestrategist.com))



**Figure 1.process in B2C**

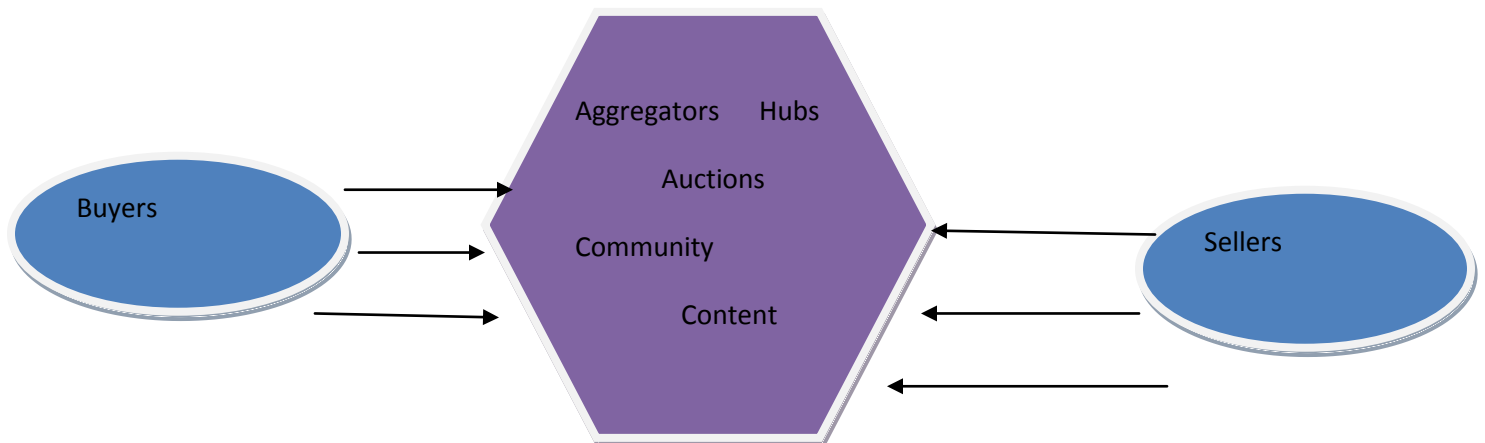
Source: [www.financestrategist.com](http://www.financestrategist.com)

### **2.1.8 Business-to-Business (B2B) Business Model**

This model is about a money-making deal between businesses emphasis on selling to other businesses. By creating different sites like Marketplace/Exchange (B2B HUB), which is a digital electronic marketplace where traders and money-making firms conduct transactions. For commercial companies, B2B hubs make it possible to collect information, checked out

dealers, gather prices, and keep up-to-date on the newest goings-on all in one place. Vendors, on the other hand, profit from extended access to purchasers. They make deal and lower inventory carrying cost. Firms that provide products and services straight to separate businesses Whereas B2B hubs pull many businesses together, creating it likely for them to do business with other companies; e-distributors are set up by one company seeking to serve many customers. By using e-distributors, the more products and services a company makes obtainable on its site, the more advantageous for the company that site is attractive to potential customers. ([www.investopedia.com](http://www.investopedia.com))

### Electronic Market place



**Figure2 Business-to- Business (B2B) Market place**

Source: [www.investopedia.com](http://www.investopedia.com)

#### 2.1.9 Web 2.0

According to Kaplan and Kaelun Public social media cannot be implicit without outlining web 2.0. So as to outline Web2.0 as: “A term that defines a new in which end users of the World Wide Web, a place where page is incessantly changes by all workers in a sharing cooperative way”. (Kaplan and Kaelun, 2010) Conferring to Gambel (2011, p.87), “web 2.0

has progressed from unpretentious evidence retrieval to interactively, interoperability and collaboration.” He concisely enlightened how social media initiated and related with Web2.0 as follows: Persons could set up their own websites and blogs, post videos and fill the web with user created content, then came social media which suites nearly under the whole web 2.0 evolution in that it centers on easy to use platforms that permit users to produce content. Among web2.0 improvements, what makes social media distinctive is the outline of web-based sharing to Twitter or Facebook. You could always email a motivating piece of content to friends. However Social media makes easy the process right down to the click of a button. As such, social media is a web 2.0 origination not only because it inspires user-generated content but also because it extends the focus to the user allowing them to create other content to share among their networks. Overall, everyone can denote to social media as a web 2.0 originations, but referring to social media as web 2.0 is not correct because it ignores all its less social features.

#### **2.1.10 Social networking**

Social networks and social networking sites are common footings for sites that are used to connect users with parallel experiences and interests. Furthermore Social networks profile experiences and interests. They are profile based sites that motivates users with relatively equivalent backgrounds to meet and pledge connections with one another. With social networking, the ultimate goal is to form the network of followers and stand-in those relationships. So, Whether or not the relationships direct to new business is unknown, it’s not the final goal. With social networking, there is no automated way to really enhance relationships. Each interaction you have needs distinctive focus and attention.

#### **2.2 Empirical review**

According to a research conducted in Ghana on the banking sector so as to determine the extent of influence online promotion has on the extent of patronage banking services, based on customer respondents view there is a minimal correlation between online promotion and patronage of the products and services of the banks. Contrary to the views of the customers, the bank managers and employees think that, the rate at which banks online promotion is satisfactory adding that, customers are inspired to do business with the banks based on the promotion. Both the customers and the employees agree

that sources of information; electronic word of mouth recommendation and the presence of banks in the community serve as strong incentives to do business with a bank than media promotion-Radio, Television, and Newspaper. (Shani & Alhassan, 2013) According to a study conducted in Southwestern Nigeria, to examine the effect of online promotion in influencing consumers 'preference for Bournvita, which is one of the leading food drinks in the Food and Beverage industry in Nigeria. Results revealed that both male and female and different age groups were equally influenced by online promotion in their preference for the brand. The need for high preference of online promotion is therefore highlighted for companies that want to not only retain their market but take positive steps to increase their market share (Adeolu, 2005). A research conducted in Adama city, Ethiopia so as to determine the factors influencing beer brand preference among the dwellers of Adama city found out that promotion has influence on beer brand preference of consumers, and also among the advertising media Television is the most influential(Gossa,2016)

### **2.2.1 Electronic word of mouth (e-WOM)**

One of the primary studies on the effects of WOM, made by Arndt (1967), designates WOM as an articulated face to face communication concerning a product or service. According to Zaltman and Wallendorf (1979) opinion WOM as a direct process of handover information based on your own free will actions. More lately, Brown, Broderick, and Lee (2007) explained WOM as a communication process where the disseminator is autonomous from the marketer. On other hands Jansen, Zhang, Sobel, Chowdury (2009) described WOM as an activity concerning the transmission of information and has effect on purchase intention. With the fast technology development and broad use of the Internet, chances for collecting and providing product information have enhanced. Persons are no longer restricted to face-to face WOM, but rather gain views vie blogs, online conversation forums, chat rooms, Web-based view platforms, and news groups (Fei, 2011). More than 84% of Internet users in the USA have taken part in online dialogues (CyberAtlas, 2001). This capacity to exchange experience and views online is known as electronic word of mouth (e-WOM) (Davis & Khazanchi, 2008; Litvin, Goldsmith, & Pan, 2008). E-WOM, in this respect, might be reflected as both a postponement and a new form of old (offline) WOM. According to Hennig-Thurau, Gwinner, Walsh, and Gremler (2004) the first to offer a thorough explanation of the term e-WOM, mentioning that e-WOM is "any positive or negative

statement made by potential, real, or prior customers about a product or company which is completed accessible to mass of the people and organizations via the Internet” (Hennig-Thurau et al., 2004, pp.39). This definition gives a thoughtful that e-WOM needs to fulfil two key requests in order to be measured as such; first, it should be an online statement, note, or evaluation about a product/service or firm, irrespective of its valence, and secondly, it could be providing by any separate irrespective of their experience of the product or service. E-WOM has been measured by many as a crucial source of information for online purchasing (Cui, Lui, & Guo, 2012; Lee, Lee, & Shin, 2011a) and as a critical factor for enabling the dispersion of online information (Sun, Youn, Wu, & Kuntaraporn, 2006). Former research have discovered that online customers rely strongly on e-WOM in decision generating (Hennig-Thurau et al., 2004) and that e-WOM has an effect on sales (Bae & Kim, 2013; Chevalier & Mayzlin, 2006). Sharma (2011) reports that e-WOM produced in YouTube might be a vital forecaster of album sales while Chen (2011) also validates that customer loyalty is significantly pretentious by e-WOM. Additionally, Godes and Mayzlin’s study (2004) demonstrates that offline choices might be taken based on online information. In addition one question that ascends is what are the resemblances and dissimilarities between traditional WOM and e-WOM. Although, e-WOM is reflected as an postponement of traditional WOM, and shares several important characteristics, e-WOM differs from traditional WOM in a number of aspects. Their Similarity to traditional WOM, e-WOM is a form of interpersonal communication (Pan & Zhang, 2011) and is generally moved by customers not marketers, thus providing it with more reliability and honesty (Sen, 2008). With the benefit of the technological advances, on the other hand, have given e-WOM greater speed than traditional WOM; e-WOM spread more simply and broadly (Jeong & Jang, 2011), therefore it may have more impact (Phelps, Lewis, Lewis, & Perry, 2004). Obviously, the effect of traditional WOM is restricted due to the method of communication (Mazzarol, Sweeney, Soutar, 2007). Additional issue is to consider that e-WOM is sometimes dispatched by undisclosed persons (Jeong & Jang, 2011; Park, Lee, & Han, 2007; Park & Lee, 2009), which could have an influence on its trustworthiness (Park et al., 2007). In comparison, traditional WOM is transmuted by acquainted means, for example, family and friends, and therefore, are more trustworthy (Jeong & Jang, 2011). Some researchers have specified that as an outcome of the way that traditional WOM is interconnected, it has a tougher power on product decision (Herr, Kardes, & Kim, 1991).

On the other hand, since e-WOM communication is largely in a written format and is archived, it is more assessable than traditional WOM (Cheung & Lee, 2012). Finally, because of the online environment of e-WOM, it can occur for an extensive period of time and spread to many places matching to traditional WOM (Jeong & Jang, 2011). Given such alterations, Godes and Mayzlin (2004) focus that e-WOM could overcome over the restrictions of traditional WOM. Yet, Xue and Phelps (2004) contend that traditional WOM restrains the effects of e-WOM. Other surveys have reported a reasonableness consequence for consumer participation. Consumer participation, that is, “a individual’s perceived significance of the object based on intrinsic needs, values, and welfares” (Zaichkowsky’s 1985, p 342), is described to have a positive relationship with attitude leaders (Flynn, Goldsmith, & Eastman, 1994), demonstrating that it is an essential factor in WOM communication (Sun et al., 2006). In addition, product connection as a sign of purchase intention was found to be a consequence of WOM communication (Holmes & Lett, 1977). Besides, Olbrich and Holsing’s (2012) inspection of clickstream data for more than 1.8 million products demonstrations that the extended the view time, which shows the level of customer participation, the higher likely the customer is to involve in online marketing. Giving emphasis on this in the setting of e-WOM and OCRs, Shin, Hanssens, and Gajula (2008) state that the impact of e-WOM on the price of digital music is watered-down by participations. Similarly, Doh and Hwang (2009) disclose that the effects of OCRs are somewhat watered-down by customer participation.

Conferring to the ELM, dependent on the level of participation, consumer’s process information (Park et al., 2007). Consumers with a high participation level are more likely to be influenced by the content of the evaluations. Low participation consumers, however, are less likely to be influenced by the content, being more prejudiced by non-content factors (Petty, Cacioppo, & Goldman, 1981). Settling this, Park et al., (2007) designate that high participation consumers are more predisposed by the quality of the assessments, whereas low participation consumers are predisposed by the quantity. These outcomes show that the recommender role of OCRs is more significant than the informant role for low participation consumers, in case of for high participation consumers, the informant role is measured more significant (Park et al., 2007; Park & Lee, 2008).

To sum up, other studies have viewed at dissimilar factors. For example, according to Jalilvand and Samiei (2012) the effect of e-WOM on purchase intention, taking into consideration brand image in the automobile manufacturing. They disclose that the association between e-WOM and purchase intention is arbitrated by the perceived brand image. Furthermore, Awad and Ragowsky (2008) note that gender regulates the association between e-WOM and belief in e-commerce. Their outcomes show that the perceived belief in an e-vendor is greater for men than for women when online reviews are offered. Furthermore an experimental study accompanied by Hsu et al., (2013) containing 372 blog readers discloses that a blogger's reputation has a restraint influence on the association between the perceived usefulness of the blogs and purchase intention. For consumers in a high perceived reputation group, trust is a vibrant aspect in shaping their spending behavior whereas for customers in a low perceived reputation group, faith has no straight influence on purchase intention

### **2.2.2 Online communities**

According to the study made by Lovett, Peres & Shachar (2013) e- WOM is quickly spread as a result of emotional, social, and functional impacts. The social aspect refers to the features that reproduce one's social standing, and the functional impact is the requisite to afford consumers with evidence. Remarkably, the study conducted by Lovett et al., (2013) reveals that the social and functional drives are the rmost vital in the online setting, whereas in the offline setting, the emotional inspiration is the most vital. In a key investigation of customer motives to take part in e-WOM, Hennig- Thurau et al., (2004), in their appraisal of the literature, pinpoint eleven motives. Though, a survey of 2080 vigorously online consumers constricts these down to the following 8 motives: helping other customers, uttering negative feelings, self-empowerment, helping enterprises, helping stages, economic inspirations, social welfares, and looking for guidance. From these eight motives, helping other customers, self-empowerment, social welfares, economic inspiration, and social communication are the main motorists for customers' involvement in OCRs (Hennig-Thurau et al., 2004). In addition in another crucial study, Gruen, Osmonbekov, & Czaplewski (2006) practice the motivation, opportunity, and ability (MOA) theory to investigate e-WOM backgrounds; they contend that in an online setting, opportunity and ability are rationally obligatory abilities. However, their result show that

customers' motivation and ability to have a substantial outcome in appealing in e-WOM, yet chance has no such effect. Though, in another exploration, the influence of customers' capability and cessation on e-WOM are brought into being important whereas, motivation has no consequence on customers' intention to take part in e-WOM communication (Shih, Lai, & Cheng, 2013). The the outcome of opportunity is less strong than that of e-WOM, portentous that opportunity's part in appealing in online WOM is comparatively substandard (Shih et al., 2013). The results are consistent with those of Li and Hitt (2010), whose outcomes indicate that the worth and eminence of a rating are negatively influenced by the price. The non-significant outcome of price Jeong and Jang (2011) recognize, even so, could possibly be because of the consumer enjoyment of restaurants, which is not frequently a concern of price (Iglesias & Guillen, 2004), and therefore, e-WOM is likely to be unpretentious by price in a restaurant involvement setting. Liang, Ekinci, Occhiocupo, and Whyatt (2013), in addition, data composed from 521 universal travelers and engaging basic equality modelling to show that the acceptance of communication technology, as recommended by Davis (1989), positively moves e-WOM communication. They further suggest that consumer gratification and personal standards are crucial factors of e-WOM acceptance. Moreover, Cheung and Lee (2012) inaugurate that the common sense of fit in, status, and pleasure are precursors of e-WOM. According to the above research, yet, discloses that ethical responsibility, consumer awareness, and mutuality has no result on consumer involvement in online stages even nevertheless former researches have toughly indicated that consumer awareness and mutuality is a crucial factor in consumers' choice to take part in online communities. In addition to these features, Sun et al.'s (2006) research of the precursors of e-WOM in a music setting shows that innovativeness, internet involvement, and social bonds are significant motorists for appealing in e-WOM. In addition they similarly note that innovativeness has a countless effect lone on view leaders, and social acquaintances have a countless effect only on view explorers, whereas internet involvement has a noteworthy effect on both view leaders and opinion seekers. Such fascinating results were assumed as obligating an involvement to access the internet is compulsory for offering or looking for evidence (Sun et al., 2006). In relative to involvement in online stages, Yen et al., (2011) plotted ten online communities, from which 46 replies were gathered; they disclose that in Taiwan, cooperative standards, self-empowerment, prizes, and badly-

behaved deciphering are major influencers of appealing in online communities. Furthermore, in a depth interviews conducted by, Schindler and Bickart's (2005) discoveries reveal that following negative product evidence, choice sustenance, satisfaction, and related welfares are the focal motorists for pursuing e-WOM messages. Correspondingly, Huang and Yang (2010), engaging both qualitative and quantitative methods, report that the result to inscribe an online reserve appraisal is determined by the desire to participate in social networks, the craving to share, the wish to direct negative moods, and product participation. Countless dissimilar inspirations for customer involvement in online communities have been described in the literature Furthermore it is stressed in Duan et al.'s (2008) research, in which customs are presented not to have the same encouragements to blowout WOM. Countless of these motives, though, might be functional in an OCR setting, since, first, an OCR is an online activity, and second, it is a sort of E-WOM and has been broadly inspected as such. Finally, most of the inspirations cited above can be categorized in one or another way beneath one of Lovett et al.'s (2013) motives, that is, emotional, social, and functional. Distinguishing such features and inspirations behind consumer participation in OCRs and online communities could support e-**vendors** group customers rendering to their motives, and consequently, permit them to take on the suitable approaches (Hennig-Thurau et al., 2004).

### **2.2.3 Facebook**

Facebook is a societal interacting facility propelled in February 2004, retained and activated by Harvard University students. The website's association was primarily restricted by the creators and founders to Harvard pupils, but was long-drawn-out to other academies in Boston area, the Ivy League and progressively in most colleges in Canada and to United States, Establishments, by September 2007, to every one of age 14 and grownup to make a group with a legal e-mail address. (en.wikipedia.org/wiki history of face book).Conferring the World Trade Organization in 2016, dissimilar organs around the globe can support vital evidence, product videos, settles, client evidences, form discussion forums and much more Presently Face book has about 1.5 billion day-to-day vigorous manipulators of which 93.4% access Facebook over cell phone expedients. On run-of-the-mill a Face book handler is projected to have at least 140 friends and is linked to 815 community pages, clusters and events. In addition there are above 70 languages accessible on the site. The major purpose is

to create and preserve associations in network related circumstances, in political attachments or just among groups and relatives. Face book has turn out to be the utmost prevailing tool for publicizing today. In April 11, 2012, the enterprise propelled a new service for marketers and inspired design organizations to build brand advertisings on Face book, and Face book is currently a direct opponent of Google in online advertising. And this innovative service has made it possible for corporations to construct vibrant commercial or promotion. ([http://en.wikipedea.org/wiki/Facebook,2012\(2012\)\)](http://en.wikipedea.org/wiki/Facebook,2012(2012))) .These days virtually everyone who goes on fields will have his/her peculiar Facebook account. Facebook is a novel version of e-commerce in the twenty-first century so long as innovative worth of services to internet handlers to prompt themselves and grid with others.

#### **2.2.4 YouTube**

In February 2005 You Tube was invented as a video input websites on which handlers can upload sight and share videos as evidence and encouraging to others across the world. The corporation practices Adobe Flash Video and HTMLs technology to exhibit a wide selection of handler created video content. YouTube turns as a stage for dispensing subjects by inventors and promotes as well. Over 7 million videos are watched each day. It is projected that YouTube grows about 1.8 billion views each day. It is one of the utmost mutual contented video sharing SM platforms. “YouTube provides open services to community free of charge to watch & share video using web. Likewise it might be used by handlers to seek for evidence that will tip to a higher number of activities that lead to advanced discussion rate.” According to Evans, (2008) cited in Siew Sin (2012)

YouTube can correspondingly be well-defined as a wave allocation website on which handlers can uphold view and share videos as an informative and encouraging to others across the sphere. As Statist described, YouTube brought 20.4 billion USD from promotion revenue in 2018. Just as motto goes a picture is worth a thousand words. Pictures have an effect on enhancing the image formed in the consciousness of a person. To sum up other businesses are currently using YouTube for their marketing promotion campaigns.

#### **2.2.5 Instagram**

Instagram is an online photo-sharing and social interacting service that permits handlers take pictures, put on filters to them and share those pictures in numerous ways, comprising over

social set-ups such as Twitter and Facebook. Instagram is obtainable as a request for iPhone, iPad and android devices. Instagram is part of Facebook. (downdetector.com)

### **2.2.6 Social Media Marketing**

According to Gunelius (2011, p.4) he classifies marketing as push and pull marketing. In push marketing the market push messages to its consumers via television, radio, and newspaper. While in pull marketing customers pull messages from diverse foundations comprising from friends, enterprises, conventional media, and other foundations. But SMM is a type of pull and push marketing in which customers get manufactured products messages from enterprise appraisals and remarks from costumers and permits purchasers to give opinion. This type of marketing has altered the way marketing has altered the mode marketers do business,

According to Weinberg (2009, p.2) “online marketing links service delivers, corporations, and organizations with a wide-range viewers influencers and clients using online marketing enterprises can increase traffic supporters and brand awareness and that’s just the tip of iceberg. ”Online marketing is a process of interrelating and constructing an association with costumers and creates the products affordable if the costumers requisite it.

"Online marketing also comprises listening to the communication and creating associations with yourself as a typical representative of your corporation “(Weinberg, 2009).Which means online marketing is about listening to the public and replying in kind, but for numerous online marketers. Also it states to revising contented or discovering a predominantly valuable piece of contented and endorsing it within the massive public sphere of the internet (Weinberg, 2009).

Some of the goods which can be accomplished by online marketing as Weinberg (2009) indicated are:-

- o Conveying traffic to your websites
- o Pouring appropriate links to your website
- o Creating consumers brand aware
- o Energetic conversations

- o Prompting conversations

### **2.2.7 Purchase intention**

Marketing specialist's curiosity in purchase intent stems from its attachment with the customer buying manners. The purchasing route begins when a consumer peruses products which in turn may lead to the acquiring of a precise thing (Vinegard, 2014, as cited in his Lisichikova and orthman) and also Vinegard (2014) specified "purchase intention is the probability of the client to buy a precise product or service." Goyal (2014) also designated purchase intention as the propensity in the direction of the idea creating of a purchase good or service in the upcoming (Goyal, 2014, cited in Lisichikova and Othman).

According to Hussein (2012) additionally designated the notion of purchase intention can be recognized as one of the constituents of customer reasoning deeds in how an distinct person intends to acquire a definite brand of product. Regarding some researchers Purchase intention validates that customers will use their previous know-how, partiality, and exterior impact to collect evidence, weigh another possibility, and make their buying choices (Chi, Yeh&Tsac, 2011, cited in Lisichikova& Othman p.16), while online purchase intention is defined as the customer readiness to make a tenancy terms deed (Meskaran, Ismail & Shanmagan, 2013 cited in Lisichikova, 2017).

Conferring to Moe (2003), purchase intention can be associated to both good-oriented and exploration-oriented perusing manners. Good-oriented customers are prone to prepare for evidence prior of making any buying pronouncement towards a precise product, whereas the exploration-oriented customers are known as the ones who turn spontaneously and flexibly, which mean they don't make prior-plans before the acquisition of anything. These two divisions can be originated in both consistent and online customers (Ramlagan & Jagaraak, 2014). Conferring to Belch and Belch (2003, as cited in Ramlagan & Jagaraak, 2014) purchase intention ascends as a consequence of the information quest and diverse appraisal stages, once customers have pleased their assessment with opponent products.

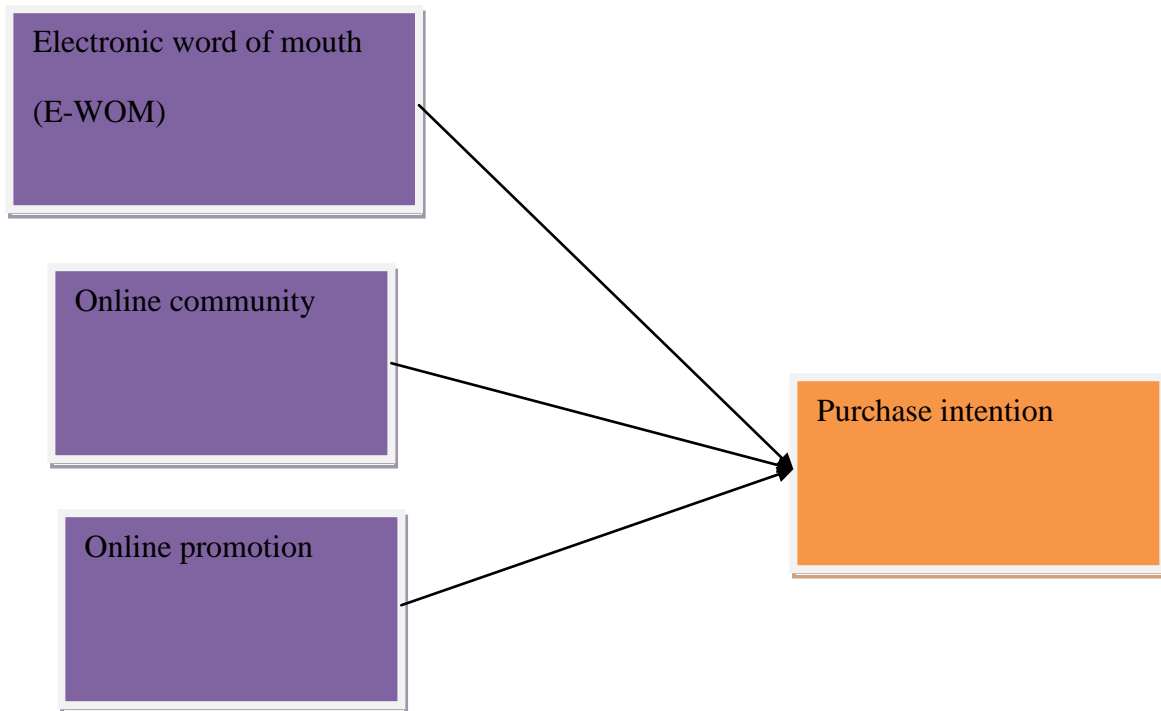
### **2.3 Conceptual framework**

The research theoretical establishment is founded on the uses and gratification theory (UGT) pioneering by Katz and Blumer (1974). This theory was being principally applied on conventional media; furthermore, with the emerging of Internet based social medias and

communication podiums (Emails, bloggers, Face book, twitter, Instagram, etc...), an identical theory is being functional to scrutinize customers' deeds. (Ngai, Tao& Moon, 2015) According to this theory consumer has private aims and creates self-conscious and open media selection which is thought to be a means to accomplish the customers want and pleasure. If it is sufficiently ample to achieve the purposes and aims of the customer, the media will be preferred for repeated usage. (Dahl, 2014), as Areeba Toor, Mudessir Husnain and Talh aHussain (2017, p. 171) cited *in*. Regarding its massive and fruitful requests, the UGT fits well with this research which aims to investigate how online marketing effects purchase intention of customers'

This research again suggested applying technology accepted model (TAM) which as initially derived from the theory of reasoned action (TRA) that was suggested by Ajzen & Fishbe in (1980). TRA was established specifically "to forecast behavioral attention. TRA theory hypothesizes that an individual's intentional deeds is projected by his or her attitude towards the deeds and his or her insight of others' views whether he or she should or should not accomplish that deeds." (Ajzen, &Fishbein, 1980 as cited in See Siew, Sin, 2012).According to Chen Gillenson and Sherrel (2001), Moon and Kim (2001) "TAM has not only been used in information system study but has also been used in other fields"(Chen Gillenson&Sherrel, 2001, Moon & Kim, 2001). Therefore TAM is used as the conceptual framework model of this study. The above listed theories are described in the theoretical part of literature review of this study in detail.

The independent and dependent variables that are going to be conducted in this research are designated in the figure beneath as a Study Framework



**Figure 3. The relationship between dependent and independent variables**

- Electronic word of mouth: also known as E-WOM is a sort of thrill promotion, which could change into viral if the communication, is reached properly and appealing adequate to fascinate the client’s attention. (<http://blogs.brighton.ac.uk>)
- Online community: practices the Internet to convey promotional publicizing communication to customers. It embraces email promotion, search engine marketing, online marketing, many types of display advertising (including web banner advertising), and mobile promotion.
- Online promotion: Online promotion is a marketing approach that involves the use of the Internet as a medium to gain website traffic and target and convey marketing posts. ( <https://www.techopedia.com/definition/26362/online-advertising>)

The hypotheses developed from the relation between independent and dependent variables are the following:

- H1: Electronic word of mouth has a positive effect on purchase intentions.
- H2: Online communities have a positive effect on purchase intentions.

- H3: Online promotion has a positive effect on purchase intentions.

**Word of Mouth** is the very powerful device to impact individuals and also can impact their purchasing manners. This can be verified according to (Richins& Root-Shaffer, 1998) that Word of Mouth has been revealed to show key role for clients' purchasing intention. Rendering to Hennig-Thurau et al. (2004, 39) explain online Word of Mouth as being: " Any positive or negative statement made by potential, actual, or former customers about the product or enterprise which is made offered to a throng of people and organizations through the internet". While as clients are progressively using the Internet and social media tools such as Facebook, Twitter, Blog, Flickr, and so on. As to Cheung et al. (2008) more and much more clients practice online discussion forums, consumer appraisal sites, weblogs, and social network sites to exchange product info.

Electronic Word of Mouth can deliver the chance to clients to read other customers' consumption views and involvements as well as write aids by themselves.

**Online communities** designed around a precise concern (Pitta and Fowler, 2005; 266) and are frequently divided into precise topic zones. For the product info, they can support their view whether they are gratified after they put away the product. Within apiece area, handlers can begin forum threads about diverse topics, and these threads can endures for years, permitting beginners to read the preceding message within the public and learn from broader information base (Pitta and Fowler, 2005; 265).

**Online promotion** the whole thing works very rapidly assumed the fact that the day that one gets begin is the same day that outcomes evident. There is chiefly neither waiting period nor long startup course. Once a businessperson is prepared to get started, he/she can simply takeoff an effective promotion on a number of channels.

**Purchase intention** denoted to the individual decision by the clients that is revealed after overall appraisal to buy products or services (Hsu, 1987; Dodds et al., 1991; Blackwell et al., 2001 and Shao et al, 2004).

## **CHAPTER THREE**

### **3. Research Methodology**

#### **3.1 Description of the study area**

The area of the study is S.t George Breweries of Ethiopia and its practice of online marketing effect on consumers' purchase intention in Addis Ababa. St. George Beer is the most popular, well known and oldest beer in Ethiopia. Founded in 1922, it is brewed by BGI Ethiopia in Addis Ababa. Throw time the brewery grew and became more and more popular in the country, with the locals honored to drink an Ethiopian beer. The factory is nowadays owned by BGI, an internationally acclaimed Brewing Company that exports its products to Europe and to North America. Most frequently S.t George breweries Ethiopia uses two social media platforms in regular basis these are Face book and YouTube. The company has Face book pages and YouTube channels for each of its brands. In addition to Face book and YouTube, the company uses Telegram channel for specific campaigns to target the millennial consumers. For example recently S.t George had a campaign called "Enibla take over". In this campaign, the company uses Telegram as a major online marketing platform. The brewery positions right on the same spot it was 84 years ago. Slowly, but steadily, St. George Brewery continued to grow and was nationalized. (<http://www.addismap.com/bgi-ethiopia>)

#### **3.2 Research approach/method and design**

##### **3.2.1 Research approach**

In order to analyze the effect of online customers purchase intention in St George Beer Company, this study used quantitative type of research methodology. Quantitative researches are more complete and researchers have agreed upon using similar designs, sampling techniques, and the like. There is ample agreement in the quantitative methods field on many of these topics, and there are various ideas presented regarding the different stages of the research process. Quantitative research is upright design to use if you try to find to build on the strong point of quantitative data Creswell (2012). Quantitative methods research refers to studies in which researchers exploit quantitative techniques, assimilate

outcomes, and draw suggestions from the quantitative components. Researchers have been conducting quantitative methods research for a long times, yet it has recently become more prominent as a method of investigation.

### **3.2.2 Research design**

This research described and analyzed the effect online marketing on purchase intention in St George brewery, Ethiopia. In order to give answer to the problem statement and come across the research objectives, the researcher designs the study descriptively and explanatorily. Descriptive research studies are those which are explaining with describing the features of a specific individual, or of a group. Simply described what has happened or what is happening Kothari, (2004). Explanatory designs look for to create cause-and-effect relationships. Explanatory studies are categorized by research hypotheses that state the nature and direction of the relationships between or among variables being studied. The researcher designed prepared survey questionnaire and distributed to target respondents. Targeted respondents were those who are at the legal age to use St George beer. In order for the research to produce a realistic outcome, the collection of data has been scattered over a large population. Thus, the questionnaires were designed to spread over to a diverse population, where targeted respondents come from different foreign sub cities (from different genders, age groups, marital status, education qualifications and expertise).

### **3.2.3 Sampling method**

The study used non-probability sampling methods which are purposive & convenience that are used to choice the sampled from different beer houses and the willing customers from the selected places. Purposive sampling encompasses selection of certain units of the universe for constituting a sample which characterizes the universe Anol (2012). For of the expected bulky number of sample unit, time and cost limitation, the sample was drawn from the targeted population by using convenience-sampling technique. Although, non-probability sampling has drawbacks related to choice bias, in small investigations and researches by individuals, the sampling method can be adopted Kothari (2004).

### **3.3 Population and Sample Size**

The target population of the study contains S.t George company's breweries' consumers in Addis Ababa who uses internet. To reach the aimed sample population rapidly, it is difficult

to conduct probability sampling to gather data for this study. Purposive/ convenience sampling technique were used for the study. The total population for this study is unknown because of the dynamic and actively changing nature of internet and social media users in Addis Ababa. Since the study is in Addis Ababa setting, to determine the estimate of p and q, the researcher used the standard number of sample size recommended by Corbetta (2003) in determining the standard deviation, 95% confidence interval and 5% sampling error in calculating the sample size using the formula:

$$\frac{Z^2pq}{e^2}$$

n = required sample size

Z = Degree of confidence (z =1.96)

P = Probability of positive response (0.5)

q = Probability of negative response (0.5)

e = Tolerable error (0.05)

$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 384.16 \sim 385$$

According to Corbetta (2003), despite the standard sample size for unknown number of population is 385, taking more than this figure makes the sample to represent the target population better. Sample size of the study was 450 selected participants by convenience sampling from different sub cities in Addis Ababa that are thought to be sufficient. 423 participant gave the response from 450 selected participants which is 10 % more than the above presented standard sample size. Purposively selected sub cities in Addis Ababa based on the availability of beer houses and internet access availability were kolfe keranio sub city-96, lideta sub city-99, bole sub city-119 and Nifas silk Lafto sub cities-109.

### **3.4 Sources of data**

The researcher gathered data from primary and secondary sources. The primary sources were St George consumers. Secondary sources were social media pages of the company and any available materials about the topic of discussion.

### **3.5 Data collection tools**

The researcher developed closed- ended Questionnaire and pilot tested to insure its internal consistency of the study. For simple thoughtful and reading, the survey questionnaire was designed into two parts. The first part of the questionnaire contains in the demographic factor of the respondents. The second part of the questionnaire was required the respondent to rate the result building level of St George breweries they have preferred or involved with into a five-point Likert scale-“Strongly Disagree”, “Disagree”, “Neutral/neither agree nor disagree”, “Agree” and “Strongly Agree”. All the data collected was feed into the Statistical Package for the Social Sciences (SPSS) version 26.

### **3.6 Validity and reliability of the instrument**

According to Kothari (2004) validity is all about having some level of similarity in the original idea of research and the actual idea after finding the results. In other words, validity is the most critical criterion and indicates the degree to which an instrument measures what it aimed or supposed to measure more simply and the accuracy of the measurement designed to apply or employ. The concept of validity measures whether the findings in the research are really and what they perform to be about and check the relationship between variables (Saunders et al., 2012). In order to make certain the quality of the research design content and construct validity of the research had checked.

According to Kothari (2004) content validity is the degree to which a measuring instrument presented sufficient coverage of the topic under investigation. If the instrument encompasses a representative sample of the universe, the content validity is good. Its purpose is principally hypercritical and spontaneous. Based on this, the student researcher also undertook thoughts with experts and incorporates feedback of the research advisor in customizing the instrument. The internal consistency of the questionnaire was checked by taking the responses of 20 participants randomly using Guttman Split-half method defined as  $r_{xx}^1 = 2(1 - (Se^2 + So^2) / Sx^2)$ . Where;

$Se^2$  = the respondents variance represented by even numbers

$So^2$  = the respondents variance represented by odd numbers

$Sx^2$  = Total respondents variance

$r_{xx}^1$  = the correlation coefficient between the questions of the questionnaire

### **3.7 Reliability**

Reliability refers to the consistency between or among multiple measurements of variables Hair et al. (2010). Internal consistency is a most common form of reliability measurement by which reliability is measured centered on the correlation among variables consists with the scale Hair et al., (2010). An instrument is reliable when all items in the instrument are highly and significantly correlated, meaning that the instrument plans and intends to measure the same construct Hair et al. (2010). This study adopted the Cronbach's alpha, which is a common method to estimate the internal consistency of the entire instrument. A value of 0.60 and more is the recommended threshold of Cronbach's alpha value as recommended by Hair et al. (2010). In addition Cronbach value of this study is explained in chapter 4 of the study.6

### **3.8 Methods of data analysis**

After the information-gathering, but before analysis, the primary data collected from questionnaires had edited adequately for completeness, legibility, consistency, and to reduce ambiguity. The data gathered from respondents through the survey coded to enable the responses to be grouped into various categories and then entered into a spreadsheet to make it ready for the analysis.

Both descriptive and inferential method of data analysis had employed in this study. Descriptive statistics analysis used to show features of the findings: ab 4. With favor to inferential statistics analysis, first, Pearson correlation coefficient, which ranges from negative one to positive one inclusive ( $-1 \leq r \leq +1$ ) had used to test the association between the each independent variables consisted of (e-WOM, online community, and online promotion) and dependent variable (consumer purchase intention). Correlation analysis used to explore the strength or degree as well as direction (positive or negative) of the relationship between independent and dependent variables (Pallet, 2005).out demography and general information analyzed by using frequency and percentage. Second, since there are several independent

variables and one dependent variable, the method is multiple-linear regression as indicated in (Cooper & Schindler, 2014). In this paper, multiple regression analysis used to test the level of significance of together all independent or prediction variables (e-WOM, online community and online promotion) to the dependent or criterion variable (purchase intention). In addition, the hypotheses presented also tested by using regression analysis. SPSS version 26 software had used to organize, summarize and analyze efficiently and effectively the data in details. The reviewed materials also discussed properly according to the developed objectives. The findings examined critically to ensure consistency with the research objectives. The information has presented by using tables and in narrative forms (texts).

### **3.9 Ethical procedure**

Research participants were fully informed about the procedures and risks involved in a research prior to giving their consent to participate. Their response is confidential and if need be they can resign from their participation and there is no adverse consequences on them.

## **Chapter 4**

### **Results and discussions**

This chapter contains the findings of the research. In addition it analyzes and discusses the findings

#### **4.1 Chapter over view**

This quantitative research attempted to examine and analyze the factors affecting customers' online purchase intention the case of St George breweries, the gathered data were presented, analyzed and interpreted using IBM SPSS Statistics 26 software version. Putting all of the independent and dependent variables, the study have been measured in ordinal scale given that the target of investigation is to test the relationship between the independent and dependent variables. In addition, the most appropriate statistical testing for testing the hypothesis of the study is Pearson's correlation testing and multiple linear regression models.

#### **4.2 Response rate**

Out of the 450 administered questionnaires, 27 were discarded because left unfilled and refused, the rest 423 are duly filled and returned questionnaires which represent a response rate of 94%. This response rate was good enough to make conclusions for the study .According to Mugenda (1990) a response rate of 50% is adequate for analysis and reporting; 60% rate is good and rate of 70% response and above is excellent.

### 4.3 classifications of the respondent

This section aims at gathering basic information on the subject. The information gathered includes gender, age, and education level and marital status. All these variables helped to sort out the influence of each category towards customers' online purchase intention.

**Table 1 Classification through Age, sex, marital status and educational qualification**

items	variables	categories	Respondents	
			Frequencies	Percentage (%)
1	Age Group	18-29	330	78
		30-39	54	12.8
		40-49	34	8
		Above 50	5	1.2
		Total	423	100
2	Sex	Male	264	62.4
		Female	159	37.6
		Total	423	100
3	Marital status	Single	357	83.5
		Married	70	16.5
		Total	423	100
4	Educational qualification	High school complete	54	12.8
		Diploma	67	15.8
		First Degree	274	64.8
		Masters and above	28	6.6
		Total	423	100

Source own survey

Most of the responds gathered from the respondent are aged between 18-29. This age group holds about 78% of the total number of respondents. The second highest age group is between 30-39 years. This age group holds about 12.8 % of the total respondents. A few respondents are between 40-49 years of age. It holds about 8% of the total respondents. Finally the least

number of respondents are 50 years of age and above. It holds only 1.2% of the entire respondents. Furthermore majority of the respondents are male than female. From the entire age group the numbers of male respondents are greater than that of female respondents. The number of male respondents account for 62.4% and female respondents holds about 37.6% of the total number of respondents. In addition, most respondents are "single". These respondents' accounts for 83.5% of the whole number of response, the rest 16.5% are single. Finally, Majority of the respondents are first degree holders which accounts for 68.8%, next to that 15.8% of the respondents are diploma holders. Followed by high school completes, master's degree and above holders which make up 12.8% and 6.6% respectively

#### 4.5 Reliability

Hair et al. (2007) defines reliability as the extent of measurement which a variable or a set of variables is consistent in what it aims to measure. To make sure the inner or the internal consistency of the studies instrument, the Cronbach's alpha coefficient was conducted. It is Developed by Lee Cronbach in 1951, and a statistical tool that measures the confidence through the inner or internal consistency of a questionnaire. The Cronbach's alpha is calculated by the variance of individual components and by the variance of its components sum of each evaluated, pointed to investigate the possible connection between the items. As stated by Masdia Masri (2009), if the reliability coefficient is closer to 1.00 it has higher reliability. In general, if the reliabilities is lower than 0.60, it is considered poor; those in the range of 0.60 to 0.80 are considered good and acceptable respectively. an excellent reliability is achieve when alpha is greater than 0.9. In this study, all the independent variables and dependent variable met the above requirement. The alpha value for each variable is identified and summarized in the following table:

**Table 2. Reliability statistics**

Questionnaire items	Number of items	Cronbach's Alpha
Electronic word of mouth	4	0.959
Online community	4	0.977
Online promotion	3	0.941
Purchase intention	7	0.889
overall	18	0.919

Source own spss data

#### 4.6 Descriptive statistics

**Table 3.Descriptive statistics on electronic word of mouth**

	Electronic word of mouth	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		N	%	N	%	N	%	N	%	N	%
1	I often recommend the S.t George breweries products to families/friends	24	5.7	68	16	131	31	124	29.3	76	18
2	I have told my friends about the “S.t George” take over campaign as a result of what have seen on its social media	24	5.7	71	16.4	165	39	141	33.3	22	5.2
3	I want my friends to like S.t George companies’ page	23	5.8	72	16.8	168	39.7	138	32.6	23	5.3
4	The post on S.t George companies’ page are things I like to talk about	44	10.4	67	15.8	149	35.2	141	33.3	21	5.1

Source own spss data

The above table illustrates for question on the questionnaire about I often recommend the St George Breweries’ to friend or families 131 or 31 % respondents’ had neutral opinion about the question whereas 124 or 29.3 % agree and 76 or 18 % the respondents strongly agree that they often recommend St George breweries to friends or families. In addition 68 or 16% disagree and 24 or 5.7 % of the respondents strongly disagree on the question. The

respondent's response for the question I have told my friends about St George take over campaign as a result of what I have seen on the social media sites 165 respondents which is 39 % had a neutral response. Next to that 141 or 33.3 respondents agree on the question. The rest 71 or 16.4% and 24 or 5.7 % of the respondents disagree and strongly disagree on the question respectively. Furthermore, regarding the question I want my friends to like St George Company's page 168 or 39.7 % of the respondents had neutral response and 138 or 32.6 % agreed on the question. 72 or 16.8 % also disagree on their response the company's page. Finally 149 or 35.2 respondents gave a neutral response on the question the post on St George company page are things I like to talk about, and 141 or 33.3 % of the respondents agree on the same question, whereas 68 or 15.8 % of the respondents disagreed on it. To conclude majority of the respondents gave a neutral answer and most of the respondents also agreed on the questions presented on the questionnaires'.

Table 4. Descriptive statistics on online community

	Online community	Strongly disagree		Disagree		Neutral		Agree		Strongly agree	
		N	%	N	%	N	%	N	%	N	%
1	I receive responses on the comments I present to the St George companies I follow	24	5.7	24	5.7	283	66.9	70	16.5	22	5.2
2	I often give comments and participate in rating on social media pages of brands of St. George breweries	27	6.4	38	9	268	63.4	68	16.1	22	5.2

3	I am interested in becoming a “fan” or “follower” of S.t George brands through their social media sites	24	5.7	41	9.71	266	62.9	70	16.5	22	5.2
4	I talk or share about the information I observed from online promotion of s.t George breweries through their social media sites	24	5.7	25	5.9	284	67.1	68	16.1	22	5.2

Source own spss data

The above online community descriptive table explain that 283 or 66.9 % of the respondents gave a neutral I receive responses on the comments I present to the S.t George companies I follow and 70 or 16.5 % agreed, 22 or 5.2 % strongly agree, and the rest 24 or 5.7 % disagreed on their response. When we look at the response for the question in the questionnaire I often give comments and participate in rating on social media pages of brands of St. George breweries 268 or 63.4 % of the respondents gave a neutral response. 68 or 16.1 % agreed, and 38 or 9 % of the respondent disagreed on their response. Furthermore when the question in the questionnaire I am interested in becoming a “fan” or “follower” of S.t George brands through their social media sites 70 or 16.% agreed on their response whereas majority of then had a neutral response that accounts 266 or 62.9 %. Finally the response for question I talk or share about the information I observed from online promotion of s.t George breweries through their social media sites 284 or 67.1 % gave a neutral response and 68 or 16.1 % agreed on the question, few of them did not agree on their response. To sum up majority of the respondents gave a neutral response on questions related to online community.

**Table 5.Descriptive statistics on online promotion**

	Online promotion	Strongly disagree		Disagree		Neutral		Agree		Strongly agree	
		N	%	N	%	N	%	N	%	N	%
1	I very quickly share the information I observed from S.t George breweries with friend	24	5.7	42	9.9	246	58.2	28	6.6	83	19.6
2	St George breweries social media site often make me learn more about their product s/ brand	46	10.9	64	15.1	183	43.3	48	11.3	82	19.4
3	While I am online I responded to online promotion displayed on St George breweries social media sites	31	7.3	87	20.6	195	46.1	27	6.4	83	19.6n

Source own spss data

Based on the above online promotion descriptive table 246 or 58.2 % of the respondents gave a neutral response on the question on the questionnaire I very quickly share the information I observed from S.t George breweries with friends 83 or 19.6 % strongly agreed on the question. And regarding question St George breweries social media site often make me learn more about their product s/ brands again 183 or 43.3 % gave a neutral response,64 or 15.1 % disagreed,82 or 19.4 % of the respondents are strongly agreed on the question. Regarding question While I am online I responded to online promotion displayed on St George breweries social media sites 195 or 46.1 % of the respondents gave a neutral response,87 or 20.6 % disagreed on the same question and 83 or 19.6 % of the respondents strongly agree on the question.

**Table 6.Descriptive statistics of purchase intention**

	Purchase intention	Strongly disagree		Disagree		Neutral		Agree		Strongly agree	
		N	%	N	%	N	%	N	%	N	%
1	The information often I get from friends about St George breweries' social media site influence me to buy their products	24	57	68	16.1	131	31	124	29.3	76	18
2	Using web sites of St George brands help me make decision better before purchasing their products	24	5.7	71	16.8	165	39.7	141	33.3	22	5.2
3	I like listen to friends before deciding to buy St George breweries' products	24	5.7	71	16.8	168	39.7	138	32.6	23	5.3
4	Using web pages of St George breweries increase my interest in buying their products	38	9	115	27	121	28.6	127	30	22	5.2
5	I expect to purchase St George breweries as marketed on their social media site I follow	24	5.7	52	12.3	238	56.3	50	11.8	59	13.9

6	I intended to purchase St George breweries products promoted on their web pages I follow	5	1.2	55	13	257	60.8	48	11.3	58	13.7
7	I will definitely buy St George breweries as marketed on their social media sites I follow	9	2.1	33	7.8	328	77.5	12	2.8	41	9.7

Source own spss data

The above purchase intention descriptive table illustrates question from the questionnaire The information often I get from friends about St George breweries' social media site influence me to buy their products 131 or 31 % of the respondents gave a neutral response, whereas 124 or 29.3 % agreed on the same question. 76 or 18 % of them again strongly agreed on their response, meanwhile 68 or 16.1 % and 24 or 5.7 % disagreed and strongly disagreed respectively. Regarding question Using web sites of St George brands help me make decision better before purchasing their products 165 or 39.7 % of the respondents gave neutral response, 141 or 33.3 % of the respondents agreed on the question, in the same question 71 or 16.8 % of the respondents disagreed. When we look at the question I like listen to friends before deciding to buy St George breweries' products 168 or 39.7% of the respondents were neutral 138 or 32.6 % of them agreed on the question 71 or 16.8 % disagreed on their response. Consequently the response for using web pages of St George breweries increase my interest in buying their products 121 or 28.6 % of the respondents gave neutral, 115 or 27.2 % disagreed, 127 or 30 % of them agreed on the same question. Furthermore I expect to purchase St George breweries as marketed on their social media site I had 238 or 56.3 % neutral response, 52 or 12.3 % disagreement, 59 or 13.9 %strong agreement, 50 or 11.8 % agreement were observed. Regarding I intended to purchase Heineken breweries products advertised on their social media sites, I follow had 257 or 60.8 % neutral responses, 58 or 13.7 % strong agreement, 48 or 11.3 % agreement, 55 or 13 % disagreement. Finally question from the questionnaire I will definitely buy St George breweries as marketed on their social media sites I follow 328 or 77.5 % of the respondents

gave neutral response whereas 33 or 7.8 % of them gave their disagreement and 41 or 9.7 % were strongly agreed.

## **4.7 Inferential analysis**

### **4.7.1 Normality assumption**

Hair et al. (1998) explains normality as the ‘shape of the data distribution and its correspondence to the normal distribution, which is the benchmark for statistical tools’. Normality consist two types: which is univariate normality and multivariate normality. The distribution of an individual variable is explained by univariate normality and the distribution of two or more variables is explained by multivariate normality Kline, (2005 Kline additionally explains that because of the impracticality of examining all joint distributions, univariate distributions can usually allow one to examine and detect instances of non-normality.

According to recent studies, univariate normality was obtained by accessing skewness and kurtosis of the study variables using the SPSS program. The results of the normality gather for the study variables are shown in the Table below. According to Kline, skew above three indicate non-normality. Kurtosis values between 10 and 20 also indicate non-normality. The findings in the Table below indicate that all of the variables had skew indices almost below three and all kurtosis indices were below 10. In other words, the values indicated that all the variables were normally distributed.

According to common rule- of thumb calculating the value of skewness and kurtosis to examine normality of the data, and it is performed by running descriptive statistics. Tong (2006) stated skewness and kurtosis should be within the absolute value of (+2 to - 2 ranges) to indicate that the data are normally distributed.

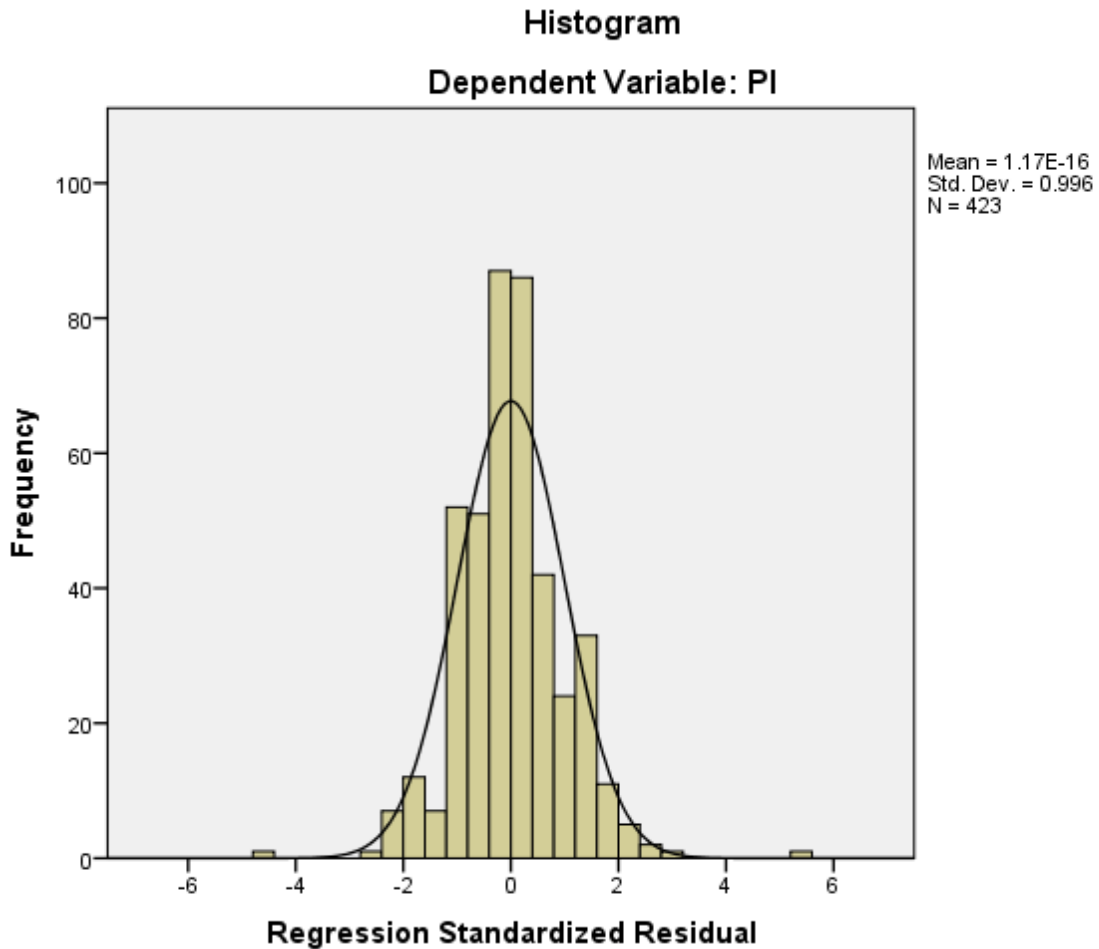
**Table 7. Normality assessment (N= 423)**

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
	c	c	c		c	
WOM	423	2.8115	.393	.119	-.251	.237
OC	423	2.9255	.222	.119	1.873	.237
OP	423	2.8392	-.332	.119	-.414	.237
PI	423	2.8382	.113	.119	-.415	.237
Valid N (listwise)	423					

Source own spss data

The normality and linear residual assumptions can be verified by checking the normal probability plots of regression standardized residual graphically using kurtosis and skewness numerically. The histogram should be bell shaped if the data is normally distributed. As we can see from the below histogram figure it can be concluded that the distribution is normal

curve (bell shaped).The data were normal distribution with mean around zero.

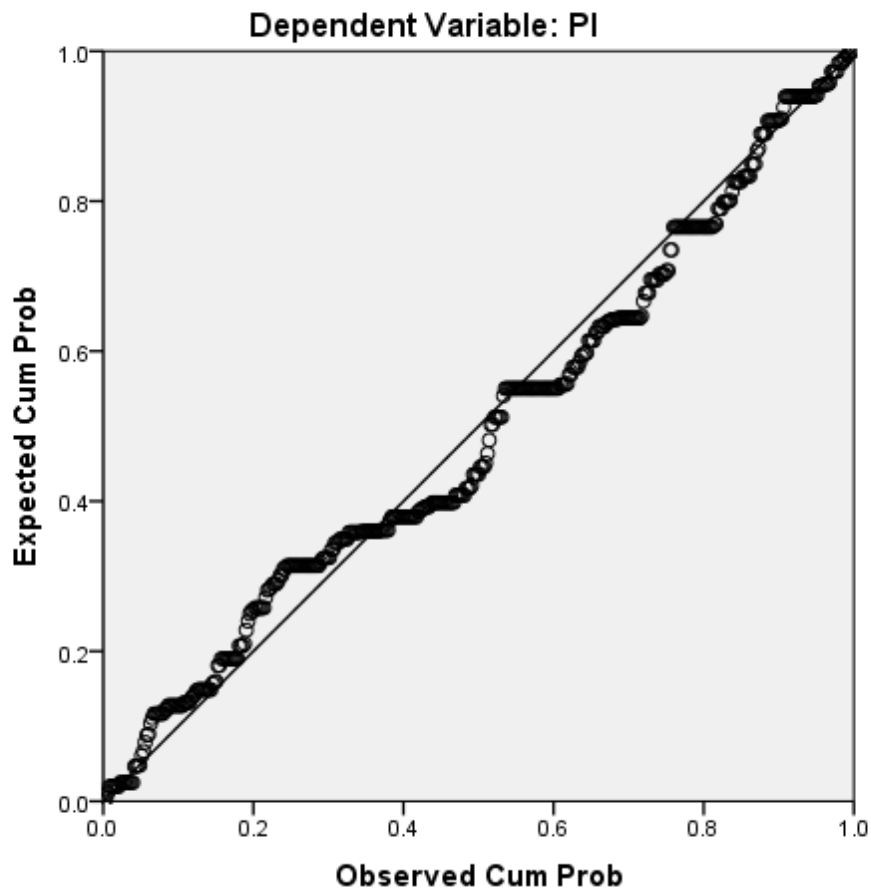


**Figure 4 Normality assumption graph**

Source: own survey

According to the above table obtained result skewness is almost less than three and kurtosis is less than ten so the data has normal distribution. In addition according to the visual inspection of the histograms and normal Q-Q plots showed that customers purchase intention were approximately normal distribution for WOM skewness of 0.393 (SE=0.199) and kurtosis 0.251(SE=0.237) for OC skewness of 0.222 (SE=0.199) and kurtosis 1.873 (SE=0.237) for OP skewness of -.0332 (SE=0.119) and kurtosis 0.414 (SE=0.237) for PI skewness 0.113 (SE=0.113) and kurtosis 0.415 (SE=0.237)

### Normal P-P Plot of Regression Standardized Residual



**Figure 5** Normal p - p plot

Source: own survey

In the normal probability plot a straight diagonal line from right bottom to the top left should be pointed as depicted from the above figure a systematic pointed distribution around the line diagonal and linearity pattern was seen. Therefore a straight line relationship between the residual and dependent variables resulted and linearity is met.

#### **4.7.2 Correlations result**

The researcher conducted Pearson correlation coefficient in order to determining the relationships between the variables. When the data are measured at ordinal level Pearson correlation coefficient is appropriate method to measure the correlation Andy (2006). Correlations are the measure of the linear relationship between two variables. The value of correlation coefficient ranges from -1 to 1. A strong relationship between the variables are

indicated when the values of correlation is closer to 1. Values closer to 0 indicate that there is little or no linear relationship Robinson et al., (2009). According to Andy (2006), the correlation is a mostly expressed measure of the size of an effect: values of  $\pm 0.5$  represent a large effect,  $\pm 0.3$  is a medium effect and  $\pm 0.1$  is a small effect.

**Table 8. Dependent and independent variables correlations**

<b>Correlations</b>		WO	OC	OP	PI
		M			
WOM	Pearson	1			
	Correlation				
	Sig. (2-tailed)				
	N	423			
OC	Pearson	.603*	1		
	Correlation	*			
	Sig. (2-tailed)	.000			
	N	423	423		
OP	Pearson	.682*	.829**	1	
	Correlation	*			
	Sig. (2-tailed)	.000	.000		
	N	423	423	423	
PI	Pearson	.899*	.756**	.825**	1
	Correlation	*			
	Sig. (2-tailed)	.000	.000	.000	
	N	423	423	423	423
**. Correlation is significant at the 0.01 level (2-tailed).					

Source own spss data

The above correlation matrix shows that correlation results of factors affecting customers' online purchase intention, the relationship between online community and customers purchase intention is that online community has low effect or association on customers' purchase

intention ( $r=.756^{**}$ ,  $p=.000$ ) this tells us that online community has a lower degree of association with customers' purchase intention. The result indicated on the above table shows that there is a medium relationship between online promotion and customers' purchase intention of customers of St George breweries' of Addis Ababa, where the values are ( $r=.825^{**}$ ,  $p=000$ ).

It is very important to understand how electronic word of mouth communication/e-WOM affects customers' online purchase intention on St George breweries' in Addis Ababa. The findings in this inquiry verified that word of mouth by other customers have a significant effect on customers' online purchase intention ( $r=.899^{**}$ ,  $p=000$ ).

To sum up, from the factors listed in the study electronic word of mouth have a large effect on customers' online purchase intention Whereas, online promotion has medium degree of relationship and online community with the smallest relationship with customers' online purchase intention on St George breweries' of Addis Ababa. However, there is different levels of relationship the entire hypotheses were supported.

#### **4.7.3 Regression analysis**

The researcher performed multiple linear regressions to determine the most vital dimensions because he has no prior information about which variables will give the best prediction equation. Electronic word of mouth, online community and online promotion are the independent variables and customers purchase intentions is the independent variable. The major point is to identify if the dependent variable customer purchase intention be predicted more from the combination of the above dimensions, first the correlation among the predictors must be checked before regressions, to identify if the predictors sufficiently correlated so that multi-collinearity is highly likely to be a problem.

#### **4.7.4 Multi -collinearity test**

To check whether there is similarity among independent variables in a model, it is vital to conduct multi-collinearity test. If there is Similarities among independent variables a very strong correlation will be resulted. A furthermore, multi-collinearity test is conducted to omit practices in the decision-making process concerning the partial effect of independent variables on the dependent variable. A very good regression model should avoid correlation among the

independent variables or multi-collinearity. As described by Kline (2005), multi-collinearity can be identified with the help of tolerance and its reciprocal, called variance inflation factor (VIF). If the value of tolerance is less than 0.1 and, at the same time, the value of VIF is 10 and above, then the multi-collinearity faces a risk. In multi-collinearity test result, if the VIF value falls between 1 and 10 then there is no multi-collinearity problem, however, if the VIF value is lower than 1 or above than 10 then there is multi-collinearity problem Robson (2011).

**Table 9. multi-collinearity analysis**

<b>Coefficients<sup>a</sup></b>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.526	.048		11.000	.000		
	WOM	.480	.017	.617	29.009	.000	.530	1.886
	OC	.146	.026	.155	5.585	.000	.311	3.218
	OP	.189	.021	.276	9.106	.000	.261	3.828

a. Dependent Variable: PI

Source own spss data

Based to the above coefficients table, VIF values of 1.886, 3.218, and 3.828, were found for each independent variable, which means the VIF values found are between 1 and 10, it can be concluded that there are no multicollinearity symptoms. In addition, the tolerance value of all independent variables is greater than 0.1, then there is no multi-collinearity problem.

#### 4.7.5 Model evaluation

**Table 10.summary of the model**

<b>Model Summary<sup>b</sup></b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.948 <sup>a</sup>	.899	.899	.23891
a. Predictors: (Constant), OP, WOM, OC				
b. Dependent Variable: PI				

Source own spss data

The above Model Summary gives the R (.948) and R square (.899). The Adjusted R square 'corrects' R square value to give a better estimate of the true population value. The R square value explains how much of the variance in the dependent variable (purchase intention) is expressed by the model including 3 independent variables. In this case the value is .899 expressed as a percentage (multiply by 100) it becomes 89.9% this means that the model explains 89.9% of the variance in customers purchase intention. In other words, 89.9 % of the dependent variable is explained by the independent variables and the remaining 10.1 % is not explained.

**Table 11 ANOVA**

Model		Sum of Squares	Df	Mean Square	Sig.
1	Regression	214.015	3	71.338	.000 <sup>b</sup>
	Residual	23.916	419	.057	
	Total	237.930	422		

Source own spss data

A .Dependent variable: PI

B. Predictors (constant) WOM, OC, OP

The statistical significance of the result it is assessed by the above table labelled ANOVA. It tests the null hypothesis which multiple R in the population equals 0. As illustrated from the ANOVA table, the independent variables significantly predict customers' online purchase intention, mean square = 71.338,  $p < .000$ . The mean square statistics shows the overall significance of the model. Since the mean square value is found to be 71.338, the independent variables significantly predict customers' online purchase intention at high degree of significance (0.001).

#### 4.7.6 Evaluation of independent variables

Finally the researcher assesses which variables included in the model contributed to the prediction of the dependent variable

**Table 12. Relationship between dependent and independent variables**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.526	.048		11.000	.000
	WOM	.480	.017	.617	29.009	.000
	OC	.146	.026	.155	5.585	.000
	OP	.189	.021	.276	9.106	.000

a. Dependent Variable: PI

Source own survey

From the above table the largest beta coefficient is .617 which is electronic word of mouth. Which means this variable creates very strong and unique contribution to explain the dependent variable (purchase intention). When the variance explained by all other variables in the model is controlled with a sig. of 0.000. Where in the study made by Wei, et al., (2013) revealed that positive electronic word of mouth affect the online purchase intention. That verifies the finding in this study electronic word of mouth has a very significant effect on the outcome variable (purchase intention).

The second higher beta coefficient is online promotion, which is., 0.276, with a vital sig. level ( $p=.000$ ) that creates the most important factor in determining customers' online purchase intention.

The last factor with the least contribution to explain the dependent variable is online community (Beta=.155) with a sig level ( $P=0.00$ ).

#### **4.8 Hypothesis testing**

The researcher has tested the hypotheses as followed based on the analysis.

**H1:** Electronic word of mouth has a positive effect on purchase intentions.

This is supported at  $\beta = 0.617$ , and p value of 0.000 at  $p < 0.01$ . It shows that electronic word of mouth has a significant and positive effect on consumer purchase intention. A one-unit increase in WOM will bring a 0.617 unit increase in purchase intention (WOM). Therefore; it is proved that the hypothesis H1 is supported. Additionally, it is also considered as the strongest determinant of consumer purchase intention for St George breweries.

**H2:** Online communities have a positive effect on purchase intentions.

Online community with  $\beta=0.155$  and p-value of 0.000 which is the significance level. According to the analytic findings in the study, it is the least determinant factor for purchase intention. Hence, the researcher supported this hypothesis. It means online community has also significant effects on purchase intention. A unit increase in online community (OC) will produce a 0.155 unit increase in purchase intention. So, Hypothesis 2 is supported.

**H3:** Online promotion has a positive effect on purchase intentions.

The correlation coefficient ( $\beta$ ) in online promotion has 0.276 and p value (Sig.) of 0.000, which is statistically significant at the 0.01 level. Hence, the findings showed that the hypothesis (H3) is supported.

#### **4.9 Discussion of findings**

According to the findings of the study e- WOM is supported at  $\beta = 0.617$ , and p value of 0.000 at  $p < 0.01$ . It shows that electronic word of mouth has a significant and positive effect on consumer purchase intention. Based on the study of Aaker (1991) he states that when consumers are able to recall a product from memory when thinking and talking about the

product in an electronic word of mouth environment, it indicates a strong brand position for the given product. The findings in this study support previous studies by Oscar et al. (2015); Gunawardane, N. R. (2015) where their study results suggest that electronic word of mouth is the strongest determinant of consumer purchase intention. Therefore, it is proved that the hypothesis H1 is supported. Additionally, it is also considered as the strongest determinant of consumer purchase intention for St George breweries. On the other hand, other studies have found weaker support for the same findings are such as the study by Shoaib et al. (n.d.); Tong and Hawley (2009). Whereas the research conducted that did not come up with similar findings are such as the study by Suryadi D. (2015); ROOZY E. et al. (2014). They investigated the effect of electronic word of mouth on consumer purchase intention based on Aaker's (1991) four-dimensional brand equity model, but the findings revealed that electronic word of mouth had no support on influencing consumer purchase intention.

Online community with  $\beta=0.155$  and p-value of 0.000 which is the significance level. According to the analytic findings in the study, it is the least determinant factor for purchase intention. Hence, the researcher supported this hypothesis. It means online community has also significant effects on purchase intention. According to the study made by Wei, et al., (2013) revealed that positive consumer reviews in an online community affect the customers purchase intention. That verifies the finding in this study in which online community has a significant effect on the outcome variable.

According to the research finding, the correlation coefficient ( $\beta$ ) in online promotion has 0.276 and p value (Sig.) of 0.000, which is statistically significant at the 0.01 level. Hence, the findings showed that the hypothesis (H3) is supported. Based on a research conducted in Adama city, Ethiopia so as to determine the factors influencing beer brand preference among the dwellers of Adama city found out that promotion has influence on beer brand preference of consumers (Gossa, 2016). Again, According to a study conducted in Southwestern Nigeria, to examine the effect of online promotion in influencing consumers' preference for Bournvita, which is one of the leading food drinks in the Food and Beverage industry in Nigeria. Results revealed that both male and female and different age groups were equally influenced by online promotion in their preference for the brand. Therefore according to those previous researches the findings of the study is supported.

**Table 13.Hypothesis test summary**

No	Hypothesis	Beta value	Sig	Direction of relationship	Result
1	<b>H1:</b> Electronic word of mouth has a positive effect on purchase intentions.	0.617	.000	+	Supported
2	<b>H2:</b> Online communities have a positive effect on purchase intentions.	0.155	.000	+	Supported
3	<b>H3:</b> Online promotion has a positive effect on purchase intentions.	0.276	.000	+	Supported

Source own spss data

## Chapter 5

### Summary of major findings, conclusion and recommendation

This chapter explains the conclusion and recommendations based on the major research findings. Besides, it provides an inference of the findings and draws some conclusions which involve some recommendations.

#### 5.1 Summary of the study findings

- ✚ Electronic word of mouth has a positive and significant effect on customers' online purchase intention regarding choosing the different brands of St George breweries among other beer brands in Addis Ababa, Ethiopia.
- ✚ Online promotion has a positive and significant effect on online purchase intention of the consumers of St George breweries'
- ✚ Online community has also positive and significant but least effect on the customers' online purchase intention.
- ✚ Face book is the most common social media of the respondents precisely in Addis Ababa having the largest number of users.

The main concern of this study was to find out the effect of online marketing customers' purchase intention: the case of St George breweries. The researcher established own conceptual framework of gathered factors from literatures. The researcher used quantitative research design and purposive or convenience sampling technique to collect data from 423 sample size from customers of St George breweries in selected sub cities. As per theoretical framework and aims of the study 17 items were provided in a 5-point Likert scale to the respondents. The gathered data was analyzed by using both descriptive statistics (like, frequency, percentage) and inferential statistics (multiple linear regressions and correlation) through SPSS version 26.

As hypothesized at the beginning, the three predictor variables had a positive and significant effect on customers' purchase intention (dependent variable).

## 5.2 conclusions

Customers think through many factors in their online purchase intent while looking different services from online products/services providers. The aim of this study was to examine the effect of online marketing on customers' purchase intention. The researcher revealed to this aim by studying customers' online purchase intention from perspectives; electronic word of mouth of customers of St George beer who uses different social media platform of the company, online community which is group of people with common interests who use the Internet and online promotion of St George breweries through its social media platform.

However, the most significant factor is electronic word of mouth- that shows, most of the online communication among customers of St George beer give attention to and have an effect on their purchase intention. The second significant factor in the study is online promotion that customers consider in order to enhance their purchase intention. Followed by online community that can help customers get the most visual insight for St George beer purchased.

According to Bucklin et al. (2002) Internet choice behavior is dynamic and contains of a changing series of interrelated choices, where both consumer and marketer can play a role in shaping the context of consequent choice events depending upon the outcome of earlier encounters. Concerning the attitude questions, the researcher categorized responses of the respondents as positive, negative and neutral. Based on this, the neutral responses given by the respondents have greater in number than positive and negative responses. Moreover in most questions, the number of positive responses is greater than that of negative responses. But in some cases Negative responses were observed almost as equal as the Positive ones. According to the data gathered from the respondents, most of them use internet mainly for the purpose of social media. It implies the significant effect social media has on internet usage.

Based on the data collected from the respondents, majority of them use face book which accounts for 22.41%. Next to that Instagram users make up 21.1 % followed by you tube, telegram, and twitter user's accounts 19.2%, 19.5%, and 17.6% respectively.

Majority of the respondents use social media to keep in touch with friends, family and entertainment. In Both responses the result is nearly the same which is 26.75 and 26.67%

respectively. The lowest number of respondents accounts 9.88% which is promotion. It implies majority of people are not using social media for the purpose of promotions.

The findings of the study show most of the respondents do not follow any of the social media pages of the company. Even the social media page followers of S.t George breweries accounts for 15.8% which is lower than that of Harare beer and Heineken breweries, which accounts for 16.1% and 16%. This implies online users of St George breweries are very low.

According to the findings of the study e- WOM is supported at  $\beta = 0.617$ , and p value of 0.000 at  $p < 0.01$ . It shows that electronic word of mouth has a significant and positive effect on consumer purchase intention.

Online community with  $\beta=0.155$  and p-value of 0.000 which is the significance level. According to the analytic findings in the study, it is the least determinant factor for purchase intention. Hence, the researcher supported this hypothesis. It means online community has also significant effects on purchase intention.

According to the research finding, the correlation coefficient ( $\beta$ ) in online promotion has 0.276 and p value (Sig.) of 0.000, which is statistically significant at the 0.01 level. Hence, the findings showed that the hypothesis (H3) is supported.

### **5.3 Recommendation**

The research launched by giving the background of the study and what inspired the researcher to conduct the study on the topic of the effect of online marketing on purchase intentions. It is vibrant that how online marketing is slowly becoming a vital marketing tool worldwide that provides companies' chance to participate with their markets and to learn about customers' desires, important segments and profile. It also produced a new communication platform for customers to share their brand know-hows, to comment and assess products/services, to search for the best opportunities offered and so on.

Internationally the relationship between customers and business is changing and this effect will steadily continue to involve in Ethiopia as new media infuses the culture and society. Therefore, with the rate it is raising in Ethiopia, there will be no escaping of online marketing after few years, either for individuals or for business. Even though some are becoming

popular and effective marketing tools, social network sites can pose a threat as the same time an opportunity to companies.

First, though customer's online purchase could be determined by many factors, the pre-mentioned predictors play an important role in electronic word of mouth. The more positive view electronic word of mouth by friends or families, the more customers tend to reach on a purchase intention of St George products. Here, one thing for managers of St George breweries should worry about is, specifically they should identify online customers' purchase intention that still needs further studies in Ethiopian context. Despite this, much can be done to know customers online purchase intention by using some easy mechanisms such as web page questionnaires and checklists. As electronic word of mouth enable people to obtain information with high trustworthiness and credibility compared to information provided by marketers. Based on the importance of electronic word of mouth, a number of researchers in marketing and information systems have concerned the characteristics of electronic word of mouth to estimate the effect of online marketing on purchase intention.

Second, in order to make online purchase very easy, managers of St George breweries must have very easy, secure and safe electronic promotion channels. However, online promotion has been in the infant stage in Ethiopia, St George breweries has to conduct online promotion based marketing strategy to adversely affect online purchase intention of its customers

In the research project, the researcher has assessed the online marketing strategy practices of the St. George Brewery on the organization's side. So, for future, the researcher recommend To see the overall online marketing strategy of the company by involving the organization, customers, intermediaries, government (government regulations in Brewery industries) and a survey study of online marketing strategy practices in the Brewery industries of Ethiopia

Though, it is widely reported that the usefulness of traditional media and there routine is sharply falling worldwide, online marketing alone cannot be effective in Ethiopia without supplementing it with other traditional media channels due to lack of infrastructure and internet coverage lack of knowledge on the subject matter; lack of device to contact the media and other factors; thus,

- ✚ Big or small Native companies could achieve the best result by integrating online marketing with traditional marketing efforts.
- ✚ Native scholars should give stress to study the effect of online marketing on B2C versus B2B.

### **Recommendation for further research**

The research recommends the following for further studies:

- ✚ This research has only managed to touch the tip of the iceberg
- ✚ The study has only been done in St George breweries, so further study in other beer industries could provide more interesting result on the customers purchase intention.
- ✚ This study is conducted using quantitative method only, it is better if further research is undertaken using both qualitative and quantitative methods.

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## ANNEX

Hello Sir/ Madam

This questionnaire will be used for conducting research for the Partial fulfillment of Masters Degree in Marketing Management at Addis Ababa University, School of Commerce.

I, Messay Basha, with the guidance and support of my advisor I am here to conduct a research survey on the Topic: "The Effect of online marketing on Purchase Intention": the case of S.t George Breweries S.C. Ethiopia.

This Questionnaire is designed in two parts. Part one is designed to collect general information and Part two is designed to find out "the effect of online Marketing on Purchase Intention .I kindly request you to respond to all questions and be assured that there is no right or wrong answer. Your honest and full response is invaluable for the success and accuracy of this Study.

I am very grateful for taking your time and I like to assure you that your response will be kept confidential and will only be used for this Research purpose. You can contact me through bashamesay001@gmail.com or +251911975493 if you need verification.

Thanks and regards!

### Part I. General Information

In answering this part of the Questionnaire, Please use a tick(x) mark in the boxes provided.

#### 1. Your Age

18-29 years  30-39 years  40-49 years  50+ years

#### 2. Gender

Male  Female

#### 3. Marital Status

Single  Married

#### 4. Your Education Level

High School completed  Diploma  
 First Degree  Master's Degree and above

5. Why do you use Internet? ( you may choose more than one)

- Work related                       Study                       Social Media Sites

E-mail, news, banking

6. Which Social Media do you use? (you may choose more than one)

Facebook       Twitter       YouTube       Instagram       Telegram

7. Why do you use Social Media? (you may choose as many as you apply)

- To learn more about information on products/ services                       Entertainment
- Keep in touch with friends/ families                       Promotions                       Networking

8. Please choose any of the following if you are a "fan" or "follower "of their Face book, Instagram, or You tube page (you may choose all you apply).

- Walia beer
- Bedele beer
- Harar beer
- Heineken breweries Ethiopia
- S,t George breweries Ethiopia
- None

9. Through what other medium do you learn about S.t George breweries brands? ( you may choose two or more media)

- Television
- Radio

Newspaper

Magazines

**10.** How do you view an add message on a social media sites such as Face book, YouTube or Instagram, Telegram versus traditional media such as TV, Radio or Newspaper?

They are the same

They complement each other

Prefer social media advertisement because it is more interactive Prefer traditional advertisement because it is less interactive

**Part II.** This section is designed to find out your perception about S.t George Breweries S.C. Ethiopia online Marketing effect on purchase Intention. Please indicate the level of your Agreement or Disagreement by placing a tick ( ✓ )mark in corresponding boxes.

The rating levels are:

SA=strongly disagree, D= Disagree, NA/ND= neither agree nor disagree, A= Agree, SA= strongly agree

**Key:** WOM= Electronic word of mouth

OC= Online community

OP= online promotion

PI= purchase intention

ITEMS NO	<b>Electronic Word of Mouth</b>	SD (5)	D (4)	NA/N D(3)	A(2)	SA(1)
WOM1	I often recommend the S.t George breweries products to friends/families					
WOM2	I have told my friends about the "S.t George takeover" campaign as a result of what have seen on its social media sites					
WOM3	I want my friends to like S,t George companies' page					
WOM4	The posts on S.t George companies' pages are things I like to talk about					
	<b>Online community</b>					
OC5	I receive responses on the comments I present to the S.t George companies, I follow					
OC6	I often give comments and participate in ratings on social media pages of brands of S.t George breweries					
OC7	I am interested in becoming a " <b>fan</b> " of or " <b>follower</b> " of S,t George brands through their social media sites					
OC8	I talk or share about the information I observed from online advertisement of S.t George breweries through their social media sites					
	<b>Online Promotion</b>					
OP 9	I very quickly share the information I observed from S.t George breweries with friends					
OP 10	S,t George breweries social media sites often make me learn more about their					

	products/brands					
OP 11	While I am online I responded to online promotion displayed on St. George breweries' social media sites					
	<b>Purchase Intension</b>					
PI 12	The information often I get from friends about S.t George breweries' social media sites influence me to buy their products					
PI 13	Using web sites of S.t George brands help me make decisions better before purchasing their products					
PI 14	I like listen to friends before deciding to buy S.t George breweries' products					
PI 15	Using web pages of S.t George breweries increase my interest in buying their products					
PI 16	I expect to purchase S.t George breweries' as marketed on their social media sites I follow					
PI 17	I intended to purchase S.t George breweries products promoted on their web pages I follow					
PI 18	I will definitely buy S.t George breweries' as marketed on their social media sites I follow					